THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

July 9, 1949

DOUBLE SEVENTH

AN EDITORIAL

Mao's Anniversary Statement

South Korean Police State

Andrew Roth

Australia, New Zealand And Asia

Alun Falconer

DANGEROUS RUMORS

AN EDITORIAL

VOLUME 114 JMP400 NUMBER 6

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Bombing Attacks

To The Editor:

It is said that cowards in their lives die many times.

Patriotism, we are told, is the last refuge of scoundrels.

I wonder if Chiang Kai-shek is both a coward and a scoundrel when judged on his motivations in the ruthless daily bombings of the KMT planes on the defenseless, innocent Shanghailanders during the past week.

I wonder how many times Chiang Kai-shek has died during his political career of more than 20 years. The most shameless thing is that he has kept as prisoners Generals Chang Hsueh-liang and Yang Hu-chen, who brought him to his senses in the face of a national crisis a little more than 10 years ago.

I wonder what sort of patriotism he is advocating since he is deep in the business of killing the people as well as the nation's economic life in the interest of "Wall Streeters."

I wonder if it is "demonocracy" rather than democracy that he proclaims to be defending.

I wonder whether or not Uncle Sam is giving us freedom of death, i.e., being killed by American bombs from the Canadian Mosquitos through the hands of his big but good-for-nothing henchman, Chiang Kai-shek. Is this form of "air raid" given the crumbling regime one of the valuable contributions made by the US Government toward the cause of peace and security and democracy, freedom, civilization and progress of the world? With all your wealth in Fort Knox and millions of "General" Claire Chennaults, can you bring to life again such a hopeless case as Chiang Kai-shek who doesn't even know where his grave will be?

I do not fear the death that may possibly come upon me during the air raid tomorrow, the day after tomorrow, or the day after that. If I die, I will die only once. When I die, I will die a man, a common man. And before I die, I am glad to think that I shall die simply a victim of death, and nothing else.

CHANG PEI-LIN

Shanghai
July 4, 1949

Western Management

To The Editor:

It was very distressing to read in the June 25th *Ta Kung Pao* the statement of the Chinese staff of the *Shanghai Evening Post and Mercury*. Whether the statement is accurate as to facts or not, incidents of this kind are detrimental to understanding and friendship between the peoples of different nations. World peace and cooperation are the desire of all the peoples in all countries. In every country there are individuals and groups of people, like yourself, understanding and with genuine good-will, who are working whole-heartedly and with full energy toward an ever better relationship between the different nations.

Incidents like the one referred to above are unfortunate. All the more so, because, very often, the causes are quite

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small, and can be satisfactorily removed and the problems solved if only more patience and wisdom are exercised. In the cases which happen in China, it is natural to expect the exercise of patience and wisdom from the Western management more than from the Chinese staff. This differentiation deserves more attention from Western management—now more than ever before. The reason for this is that any misconduct on the part of the Western management is attributed to imperialistic motives. This charge is unpleasant because, in many cases, the misconduct is nothing more than a mistake and people with the best will in the world make mistakes sometimes.

Still, the charge of imperialistic motives is natural. This country has suffered from Western imperialism for a century. The wound is deep. Moreover, there are Westerners, who though they may be entirely free from conscious imperialistic aims or actions, still possess that "Treaty Port" mentality, which finds expression at the slightest provocation. This, in turn, provokes our sense of wound and revenge, albeit sub-conscious. The feelings of the workers are especially sensitive just now as they are the most important group of people in the present stage of the Chinese Revolution. (A few months ago, the peasants were the most important group.)

The Chinese Coalition Government will be established in a few months' time. Let us hope that the recognition of the new government by foreign governments, the opening of diplomatic relations and trade on a large scale will soon follow. However, good international relationships are not limited to the diplomatic level, nor are they to be judged only by the volume of trade. The best and final criterion of judgment is the degree of mutual understanding and the depth of fellow-feeling between the *peoples* of the different countries.

China is changing; soon she will not be recognizable to those Westerners with the "Treaty Port" mentality. Therefore, Western firms would do a great service to themselves, if they would send, as their representatives, the kind of people who would understand and appreciate the new situation in China.

Your *China Weekly Review* is the only English-language publication in China which fully sympathizes with our people in this struggle and fully understands what is happening. Your contribution to our cause is no less than that made by any Chinese individuals or organizations which have taken an active part in this struggle. You always present information as objectively as possible and interpret it as correctly as possible. I am sure that all your Chinese readers share my view and would also share my hope that your *Review* will be allowed by the new Government to continue its good service in enlightening people. This enlightenment is two-way—both for Chinese in other countries, and for other nationalities in China—but for the immediate future, I hope that you will concentrate on interpreting China to the West as you have already been doing since the liberation of Shanghai.

A "RETURNED" STUDENT

Nanking
July 2, 1949

Student's Problem

To The Editor:

I feel extremely sorry that in the more than two months since Shanghai's liberation, I have written only one article for the *Review*. The reason is that in this period I have been trying to decide whether I should continue my studies or whether I should take on a job in the revolution. In our university there were two months ago 2,000 students but now two-thirds of our classmates have joined the army. Those who remain in school are embarrassed as to what they should do. Therefore, I spend all my time trying to make up my mind.

Last week our school received orders to return to Kaifeng and re-open, and we shall begin classes the day after tomorrow. I am very eager to return to National Honan University and finish my college course. This will be my last letter to you from Soochow. In a few weeks time I will write you about my return to Kaifeng and about conditions there.

Would you be kind enough to give me copies of the recent two issues (June 18 and June 25) which are very good in content?

H. S. C.

National Honan University
Soochow
July 2, 1949

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A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

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Double Seventh

WITH the passing of the Double Seventh anniversary this year, two events are being commemorated. One is the outbreak of the Japanese war of aggression in China which began on July 7, 1937, and the other is the liberation of Shanghai roughly a month ago.

Since VJ Day the nature of the annual observance of the beginning of the Sino-Japanese war has, in theory at least, been an occasion for happiness. That is, one can be happy that the war was finally ended on terms which justified the long struggle of the Chinese people. However, it has not always been possible to feel particularly happy about what has been taking place in Japan since the American occupation of that country began.

In the past we have commented extensively upon postwar developments in Japan. In fact, upon this occasion two years ago, we wrote our first editorial entitled "Watch The Japs" which was calculated to serve as a warning to the people of China, and to the people of other countries which suffered during Japan's eight-year-long campaign of aggression, that all was not going well in Japan and that the danger of Japanese aggression in the future could not be ruled out entirely.

During the past two years it has grown increasingly clear that the ideas of the forces occupying Japan have been steadily moving toward the right. Less and less interest is being shown in destroying or removing industries having a war potential. Reparations were reduced to a trickle and now have been halted. The figure for Japan's industrial level has gradually been raised. Restrictions upon the movement of Japanese citizens and goods throughout the world have been progressively lifted, and the war criminal lists have been shortened.

The reason for all this, the occupation officials claim, is that Japan must be permitted to recover economically to the point where she will be self-sufficient and cease to be a burden upon the American taxpayers who are currently making up the Japanese government's deficit.

While this may well be an important reason, there very likely are other reasons, too. This seems especially likely when one considers that the American taxpayers are providing money for Western Germany, for the Marshall Plan, for the North Atlantic Alliance and other foreign ventures of the Truman administration.

More to the point, we believe, is the desire upon the part of General MacArthur and his advisors to turn Japan into an American bulwark in the Pacific for use in the event of war with Russia. Previously it was thought in official American circles that China would provide such a "stabilizing" influence, but the KMT lost out and the United States is far from being in a favored position in this country today. Thus, attention has been focussed upon Japan.

It is hardly necessary to point out the danger inherent in this policy, especially insofar as China is concerned. This country has learned to know the Japanese well. Beginning with the Chinese-Japanese War of 1895, China suffered a whole series of disasters at the hands of the Mikado's empire builders. Since there is ample evidence that the men running Japan today are the same as before and during the Pacific War, the anniversary of the outbreak of the war with Japan should be a day when the people of China recall the past and redouble their efforts at reconstruction and progress so that no matter what future developments in Japan may be, China will never again be in a position to invite aggression.

* * *

THIS is Shanghai's first Double Seventh under the new People's regime. It is, of course, much too early to point out wholesale changes and improvements, since only a little more than a month has elapsed since we saw the last of the KMT. It is, though, possible to say that the contrast between the new and old is sharp and that the average Shanghailander was indeed relieved when the Kuomintang troops, preceded by their leaders, departed.

All has not been smooth sailing in this first post-liberation month, but much of our trouble is still traceable to the old gang, who looted Shanghai of food and wealth before their departure and who have since done their best to interfere with the normal functioning of the city.

The KMT did little enough to distinguish itself while in control of the situation, but it has made itself notorious hereabouts lately by its criminal bombing of residential areas of the city. Upon this Double Seventh, Shanghailanders may well desire to wish the People's Liberation Army speedy success in taking over the rest of the country and eliminating the KMT remnants.

Calculated Murder

JUDGING by last week's bombing of Shanghai, the KMT has now sunk to a point where it may be compared with the Nazis and the Japanese, whose outrages against civilian populations horrified the entire world.

We can see absolutely no way in which the KMT can justify the bombing of Shanghai, or any other of the heavily populated cities now controlled by the People's forces, as being of

military necessity. Presumably, one might designate certain areas of a city, such as its dockyards or railyards, as military targets and warn civilians to keep clear. However, such a presumption can hardly apply at this time. The main reason why the bombing of Shanghai is not a military operation but rather is plain, calculated murder of civilians, is that the KMT has virtually become a refugee regime, beaten and near collapse, which is utilizing its remaining energy in spite attacks, which obviously will at this late date have no influence upon the military struggle.

One might be led to presume that the bombers which came over Shanghai a week ago last Wednesday intended to attack specific targets were it not for the fact that some of the bombing was done through clouds which obscured the city from view and for the fact that the bombs landed more or less aimlessly in scattered parts of the city. Preliminary estimates listed more than 400 killed and approximately 1,000 homes destroyed.

An autocratic regime which finally is thrown out of power by the dissatisfied masses is never a pretty thing to watch during its last days when its remaining personnel become revengeful and ugly, concentrating only on pulling down as much of the country with themselves as they can.

There are several interesting contrasts which can be made between the bombing of Shanghai by the KMT and other military operations in recent years. The first comparison which comes to mind is the manner in which the People's Liberation Army occupied Shanghai. After erecting supposedly strong fortifications surrounding the city, the KMT failed to man them when the Communist forces launched their final attack. Rather, the KMT displayed its "strength" by razing several entire villages in the suburbs and then retreating back through the city. In a few scattered areas of Shanghai where small pockets of KMT troops held out for a day or two the attacking Communists displayed extremely laudable self-control, exposing themselves to enemy fire time and again in efforts to persuade the hold-outs to surrender. In not one single instance did the attacking forces resort to mass shelling which would have resulted in many civilian casualties. It is significant that of the approximately 200 civilian casualties occurring during the occupation, virtually all were caused by KMT fire.

Another comparison can be made with the bombing of Chungking during the war by the Japanese. At that time, it will be recalled, Chiang Kai-shek protested against the barbarity of the invading Japanese, pointing out that unarmed civilians were the ones who suffered. Nationalist China received a great deal of public sympathy throughout Europe and America because of merciless bombing of its cities by the Japanese. It is particularly interesting to note that today it is the same Chiang Kai-shek who is sitting in Taiwan directing the bombing of Shanghai.

Dangerous Rumors

SHANGHAI has always been a major breeding ground for rumors and reports which purport to explain the motives behind various actions and occurrences and which claim to predict future happenings. In the past these rumors in many ways served a useful purpose in that they helped one understand what was going on in the city and the country. One reason why such types of explanations became so important was because of the lack of bonafide information. Rumors were also important because so often the actions of the KMT government were cloaked in secrecy or were aimed at attaining ends entirely at variance with announced purposes.

Since the liberation of the city, however, conditions have changed considerably. Shanghai now has a government which is following a publicly announced plan. While it may be difficult at times for the layman to appreciate the reasons for certain actions or, perhaps, even fully to understand what is going on, policies are clearly laid down and may be studied and examined freely. When, for instance, the authorities announce the removal of import duty upon raw cotton shipped here from abroad, we can assume that the reason is that the new regime is genuinely interested in promoting supplies for the city's textile industry. In days past, we would have had to look beneath the surface in an attempt to discover the real reason since, by bitter experience, we had learned that the old authorities never were primarily interested in the public welfare. By listening to rumors, questioning friends of officials and through sifting gossip we would have searched for the hidden or real reason, which might well have been something like the previous purchase of a number of textile mills by an important official, or a desire by some section of the government to weaken the position of some other department having to do with affairs governing the import of raw cotton.

Interpreting events has in the past been a complicated affair at best and frequently it was impossible ever to know whether one had finally figured out the basic reasoning behind any given move. Now, however, things are different. Policies are laid down publicly after careful consideration. If a policy proves detrimental, it may be changed.

Despite this clearing of the atmosphere, it seems that there are about as many rumors going the rounds as before. Everyone has a new rumor to tell his friends. The reason for this, we believe, is not far to seek. A careful examination of the most current rumors which we have heard reveals that virtually all predict unpleasant things for the future. Many are demonstrably false, while others are indeed too far fetched for belief by any but the most naive. Some, however, have elements of truth in them, which make their false or damaging conclusions more plausible. The bulk of these rumors, we believe, are deliberately circulated for partisan political aims. There is little doubt but that a

lot of this rumor mongering is the work of paid agents left behind by the old regime or by individuals who, while not officially connected with the KMT, had close personal or financial ties with the former ruling clique.

One rumor, falling in the category of those containing a few elements of truth, which we have heard several times purports to "explain" the recent hike in the price of rice. There is a shortage of rice, it is said, because the People's Liberation Army forces stationed in the environs of Shanghai are confiscating the rice of the peasants. Rice, it is predicted, will double in price at least once a week during the coming summer months. This type of rumor is very difficult to refute since it is quite true that the price of rice went up sharply during the last week of June, and since in the past it has always been true that swift price hikes were almost inevitably due to heavy levies (without payment) by Nationalist troops. The people have been psychologically prepared to blame the troops for any shortage of the staple food of this area.

Even if rice were not scarce, such a rumor would be believed by some people. When such a report comes at a time when the shortage is apparent to all, it is more credible. The really dangerous thing about such a rumor is that, circulated at a time when the rice market is indeed rising, it tends to increase the apprehension of the populace in general and may lead to a rush on the rice shops. Such an increase in demand as people attempt to safeguard their supplies by hoarding will of itself tend to push up quotations and thus lend credence to the rumor.

Now it is necessary to examine the factual evidence upon which such a rumor lies. To the best of our knowledge, the troops in the Shanghai area have not been levying rice. Presumably, some of their supplies have been obtained locally, but we have yet to hear of a single substantiated case when food was secured by any means other than purchase through the regular established Army channels. An indication of how differently the Liberation troops behave from their predecessors can be seen from the fact that thousands of troops in this area have been helping the farmers harvest their crops. The contrast becomes even greater when one recalls that not only did the KMT troops fail to extend any such aid to the farmers, but that they constantly interfered with the farmers' normal activities by impressing them for labor service.

It is also worthwhile attempting to track down the source of this rumor. Although it has become so general that its birth place is difficult to determine, one can take notice of the type of people who are most industriously spreading it today. Some, of course, are ordinary gossips who always pass on anything they hear. Even coolies are reported to have cited the rumor as the reason why the price of rise has risen. However, it should be remembered that today the average illiterate coolie's main source of information still is street gossip. He does not have access to better knowledge and merely repeats whatever he is told that may, in his opinion, sound "reasonable." Until considerable time has elapsed, he cannot be expected to have attained sufficient education to distinguish the truth or falsity of reports which he hears or even to realize that by repeating such alarming reports he is actually jeopardizing his own economic security.

It has been our personal experience to hear this rumor more than once from a type of resident which might be described as being in general opposed to the new regime. One Shanghai businessman, who was indirectly connected with the former regime through his close family relationship with an important KMT official, first told us this story even before rice began to increase in price. He said that reports from the countryside indicated that rice was being confiscated. This man, it might be pointed out, in the past profited financially because of his relationship with officialdom. While he has sufficient reserves to satisfy his needs for some time to come, he naturally does not anticipate with pleasure life under the changed circumstances. He obviously is hoping that the new regime will make a mess of things and that there will be a return to the old system.

Another person who told us this same story was a woman who is unhappy about the change. While not particularly politically minded, she has lost her previous position of social eminence with the disappearance of Shanghai's old social elite from the pages of the newspapers. Fancy clothes and cocktail parties seem to be rather out of fashion now. Her existence is not recognized by the new authorities, although in the past she was always listed among the guests at official functions. She doesn't like anonymity and is hostile to the new government. Thus, when she hears such a rumor as this one, it pleases her and she passes it along at the first opportunity.

Actually, there is a rice shortage, although it is far from being serious. Rice usually goes up in the summer as the previous year's stocks begin to run out and the current crop is about to be harvested. What's more, there is now no ECA or other foreign relief rice coming in. Also, the Nationalists carried away a lot of rice when they retreated from Shanghai. However, with the resumption of Yangtze shipping and with the repairing of the country's rail network, sufficient supplies of rice and other foods should be moving into this area regularly. It is possible that rice in particular will continue to be in short supply until the next harvest. However, there is no danger of famine. The new government has already shown itself extremely interested in the welfare of the public and the latter can expect the authorities to do their best to provide sufficient foodstuffs. Even if there is a shortage, it can be assumed that it will not be made more acute by artificial methods so as to enable favored personages to make a profit out of public misery.

A recent rumor which falls into the category of those which are generally fantastic but which are nevertheless believed by some people, especially the less sophisticated, is the one which reported that General Chennault had already received 1,000 airplanes from America and was in

the process of organizing a force to bomb Shanghai off the map. Anyone conversant with affairs in America today would know that there is no possibility of the American Government participating in such an affair or, for that matter, even allowing Chennault to carry out his scheme. It is true that Chennault has publicly offered to lead a volunteer force of American aerial mercenaries to fight on behalf of the KMT. However, he has not been able to obtain any sizeable support for this idea although he first proposed it several months ago. It is also known that America, as well as the other major foreign powers, are becoming increasingly interested in recognizing the new People's government of China. As soon as the new government is set up and as soon as the southern offensive of the People's forces is completed, recognition should come fairly quickly. With recognition, Chennault's whole idea will die, even as a topic for speculation by the most uninformed.

In view of these circumstances, it can be seen that this rumor has no foundation whatsoever. Despite this, it is being circulated. The *Review* has even had a few inquiries as to its truth, one writer pointing out that since it was an American paper it might be in a position to know what was going on in America. Actually, we don't know any more than anyone else who reads the newspapers, but such queries again show the state of mind of a certain section of the public. This rumor, in our view, probably originated with a KMT agent left behind. Most of the similar rumors, which are rather crude affairs and which only a few people would be inclined to believe because of their obvious falsity, are more than likely the work of KMT agents.

This type of rumor should begin to disappear with the rounding up of enemy operatives. More than 300 were apprehended last week in city-wide raids carried out on one morning alone. It would thus seem likely that the wild, alarming type of implausible rumor will shortly cease to be anything to be concerned about. However, those people who profited from the old regime and who see the road to easy wealth blocked from now on can be expected to continue circulating their subtle but dangerous reports in the hope of increasing the new regime's difficulties.

It is these rumors which we must guard against. Rather than repeating them, the listener should carefully question the teller. Make him tell you who told him this story. Make him try to prove its truth. If he can't you can lecture him on rumor mongering. This, of course, is not to recommend that the public be instructed to cease talking or to cease speculating about what is happening or what is likely to happen in the future. We can see no harm in honest speculation or in honest attempts to analyze developments. It is, after all, beneficial to have a population which is sufficiently interested in events to try to figure out how things work. Repetition of alarming rumors is, however, harmful, especially during these days of readjustment when things may not move as smoothly or as quickly as we might like.

25 Years Ago in *The China Weekly Review*

July 5, 1924

Changing China

".....China's political weakness is a positive benefit so far as it protects the people from an inflation crisis. Her chaotic currency is not a symptom of hopeless economic or social disorganization. Neither is the chaos of government finance to be judged by the pessimistic canons we apply to similar situations in Europe. Europe's financial crises—for instance, in France before her Great Revolution; in England during and following the Napoleonic Wars; and in practically all the recently belligerent countries today—have been due to an intolerable burden of taxation.....In China, on the other hand, the public debt is comparatively small, and it is not a political issue because the Chinese pay practically no taxes. Indeed, that is precisely what makes China's national debt a puzzling problem.....

So the Chinese live out of touch, so to speak, with their government and it serves the people as little as the people serve it. The Central Administration runs on chiefly through foreign loans. These loans are less burdensome than they would be otherwise, because European currency has depreciated, silver has risen, and China's resources are constantly growing. China is not a colony, but an independent commonwealth. This is not always recognized, and the Great Powers have often treated the country as if it were a Turkey or a Hottentot community. But since the Chinese revolution, the defeat of Germany, and Soviet Russia's successful resistance to the combined attack of the Allies, China's respect for the Western Powers has diminished, and their demands no longer do more than arouse patriotic resentment."

From "A German View on Changing China"—by Professor Emil Lederer.

10 Years Ago In *The China Weekly Review*

July 8, 1939

Guerrillas In Peiping Area

The week ending July 1 was a most successful one for Chinese guerrillas in the Peiping area, according to a *Reuter* dispatch from the northern city. Travellers were quoted as saying that two trains were wrecked, one 25 miles from Peiping and the other at Weihuifu in northern Honan, on the new Japanese-built loopline across the Yellow River to Kaifeng.

Twenty-five thousand men are said to have been involved in a battle between Japanese forces and Chinese guerrillas which proceeded all week to the east of Tinghsien, on the Peiping-Hankow Railway.

Reliable reports from Shihchiachuang, *Reuter* said, described a daily stream of wounded Japanese soldiers arriving there, while many wounded men and the ashes of the Japanese dead were coming from Shansi province, where numerous engagements are being fought with guerrillas.

* * *

Japanese Sword For Hitler

Gen. Sadao Araki, Minister of Education, was present at a ceremony at Tokyo Imperial University on June 25 when a Japanese sword of finest steel was presented to the German Chancellor Adolph Hitler. The sword, product of the famous swordsmith Kazama, was presented through Eugene Ott, German Ambassador to Japan, by the Rector of the University, and will be forwarded by special messenger to Berlin. General Araki delivered a speech in which he emphasized the significance of the sword in German-Japanese friendship.

Australia, New Zealand And Asia

Alun Falconer

AMONG items given brief mention in the world's press this year has been the calling, in India, of a special conference on Forestry and Soil Conservation problems. This scientific meeting may not be of general interest, but I mention it here because of, what seems to me, the very significant grouping of nations in attendance. The group was India, Burma, Malaya, Indonesia, China, Australia and New Zealand. It seems that a basis already exists for cooperation between China, India, Southeast Asia and Australasia, on scientific-geographic problems. China and the neighboring nations of Asia and Southeast Asia have a long history of fruitful interchange of commerce, techniques and culture; but the introduction of Australia and New Zealand into this grouping is a new development. Geographically, Asia and Australasia are related. But is there a deeper economic and political basis for the entry of Australia and New Zealand into cooperation with Asia?

Outposts Of Empire

In the councils of the United Nations, the spokesmen of Australia and New Zealand almost invariably support the foreign policy of Ernest Bevin. Australia and New Zealand trade as members of the sterling bloc and their economies have been closely linked with that of England. For example, New Zealand grows the very type and size of apple that is required on the British market. And the stability of New Zealand's post-war agricultural economy has been upset by high prices offered in Britain for fat lambs, a semi-luxury agricultural product but one in great demand on Britain's meat black-market. Overall, Britain normally absorbs about 80 percent of New Zealand's exports and provides about half of her imports.

Britain's capital investment in Australia and New Zealand has been, and still is, very extensive. Between March, 1914, and March, 1935, the amount of New Zealand's national debt domiciled in London increased from 78½ to 161 million pounds sterling, this latter amount representing 57 percent of the total national debt. Australia and New Zealand have always been dependent on the great London banking houses for the capital necessary to build their railroads, port facilities, hydro-electric schemes and other large public works. British holdings in private industry have also been considerable. Many vital industries, such as meat-processing works, are owned and controlled by British monopolies.

Typical of the semi-colonial dependence of Australia and New Zealand has been their role in two world wars. In both wars, Australian and New Zealand troops have played a major part in protecting Britain's imperial interests in the Middle East. A New Zealand brigade first opposed Turkish troops on the banks of the Suez Canal in February, 1915, and later joined Australians in the bloody affair of the Dardanelles Campaign. In the Second World War, New Zealanders and Australians faced the panzer assault on Greece in 1941. In 1945, the New Zealand Division assured, by a show of force, the control of Trieste by the Western Allies. In the Pacific, a New Zealand force occupied the German-held islands of Western Samoa in August, 1914, and, in the Second World War, Australian troops were finally assigned the task of recapturing the oil fields of Sarawak, Borneo, for the British Royal-Dutch Shell oil combine.

Towards National Self-Assertion

But semi-colonial dependence is not the full story. In 1935, after the chronic unemployment, misery and disillusionment of the world depression, and with the growing menace of fascism, New Zealanders voted into power a Labor Government pledged to restore living standards, to develop New Zealand industry, and to break New Zealand's economic dependence on the London banks. Although New Zealand's Labor Government (still in office) has been called "socialist" by the American press, it has been a government acting primarily in the interests of New Zealand "national" finance and industrial capital. For evidence we may refer again to national debt figures. Between 1935 and 1942, the amount of New Zealand's total national debt domiciled in London fell from 161 to 145 million pounds sterling, while the amount domiciled in New Zealand increased from 117 to 231 millions. This means that the Labor Government used capital of local New Zealand origin for its programs and public works and began to pay off its debt to London. By 1942, London's financial grip on New Zealand's economy through its loan holdings had fallen from 57 percent to 40 percent. And there was a considerable increase in local industrialization over the same period. Between 1935 and 1941 the value of factory production in New Zealand doubled.

From 1935, the Labor Government tried to establish a "right" to an independent and equal role with Britain in international affairs. In 1935, in the sessions of the League of Nations at Geneva, the New Zealand representative, Mr. W. J. Jordon, was an outspoken advocate of collective security. He aligned New Zealand with the Soviet Union, Abyssinia, Spain and China in appeals for collective action against fascist aggression. In this advocacy Mr. Jordon spoke with the voice of the whole New Zealand working-class movement. While he advocated the principle of collective security, New Zealand dock-workers refused to load scrap-iron for shipment to Japan and in 1937, at the beginning of Japan's undeclared war on China, trade unions and other progressive groups brought out the slogan "Boycott Japanese Goods."

In Australia, dockworkers and seamen were equally militant in taking action against the menace of Japanese fascist aggression. On the other hand, the "national" capitalists of Australia were not particularly interested in the defeat of fascism or the defense of democracy. But they were very interested in gaining control of Australia's economy for themselves, and even in challenging British monopolies in East Asia. Having the invaluable asset of a native iron-and-steel industry, (absent in New Zealand), Australian capitalism began to enter into extensive competition with Britain in the years after the depression and particularly during the Second World War. Politically, this new phase was clearly expressed when the Australian Government insisted on withdrawing its Army divisions from the Middle East in 1941-1942, (when Allied defeat in that area seemed imminent), and stationing them in Australia for national defense. Again, after the war, the Australian Government caused a stir in Imperial circles by supporting the Indonesian Republic in its struggle against the Dutch backed, as they were, by British and American influence. A defeat for the old-established imperialisms meant a chance for the younger brother to advance. Australia's native capitalism was ready for adventures on its own. Recently published figures show that Australian capital investment in Malaya has already risen to 25 million pounds sterling.

Consistent Advocates

In this re-orientation towards an independent role, particularly in the Pacific, the "national" capitalists have seized likely opportunities for profit, but only the working-class movements of Australia and New Zealand have been consistent advocates of the principle of national independence, not only for Australia and New Zealand but also for the peoples of Indonesia, Malaya, Indo-China and China. The working-class movements realize that Australia and New Zealand cannot be completely independent until the peoples of Asia have freed themselves from imperialism. The Australian seamen's and dock-workers' boycott of Dutch shipping and of the sending of supplies to Dutch and British forces played some part in the initial success of the Indonesian Republic in 1945-46. Similar direct action could not be taken on the question of Malayan independence, but mili-

MID-WESTERN VIEW OF ATLANTIC PACT

"All set: powder, fuse and matches."
—*Chicao Tribune*

tant Australian and New Zealand trade unions have made their attitude clear. The following is a resolution passed by the New Zealand Plasterers' Union in August, 1948. "We call on the trade union movement to demand that police and military terror in Malaya cease forthwith and that independence be granted to the Malayan people."

Labor Governments And The Workers

The left-wing in the trade union movements has been strong on the question of national independence and even the existing right-wing gives lip-service to these principles, but there are contrary forces among those who claim to represent "labor."

The Labor Governments of Australia and New Zealand depend on the votes of the workers to keep them in power, but the Labor Parties cannot be described as independent working-class organizations. In Australia and New Zealand, the Labor Parties rely, both politically and financially, on the support of industrial capitalists, small farmers and professional people. Independent working-class organizations are, however, to be found in the trade union movements and Communist Parties of Australasia.

The New Zealand Labor Party broke decisively with its militant past in 1939 when the present Prime Minister of New Zealand gained control of the Party. Nevertheless, the Labor Party and the Labor Government still have a strong influence in the trade union movement. This year they were able to defeat the Communist and left-wing groups in the Federation of Labor, (the all-inclusive New Zealand trade union body), on most major policy issues such as withdrawal from the World Federation of Trade Unions. In New Zealand, the Communist Party cannot compete with the Labor Party in parliamentary representation, but it has a strong influence in the trade unions. Between Labor and Communist groups in the unions there is a large section of militant independents who generally support Communist policy, although this support is not assured for the future.

Follows Pattern

The Australian Labor Party has headed the Government of Australia since 1941. Australia's political scene is administratively more complicated than New Zealand's because of the existence of State Governments alongside the central Federal Government. Australia's Labor Party won the elections for some of these State Governments before it won Federal power. But overall, the history of the Australian Labor Party, from its militant youth and close association with the working-class, to its decline in parliamentary triumphs and launching of younger-brother imperialist adventures, follows the pattern of its New Zealand counterpart.

The Australian Communist Party has negligible parliamentary strength but it openly leads the key unions of ironworkers, seamen, miners, and waterside workers. It has leadership and strong influence in many other unions and in some cultural and professional workers organizations. It is apparently a coming force. At present the Australian press and most businessmen's organizations are obsessed with anti-Communism, but they have been unable to shake the open and popular strength of the Communist Party. With its clear policy in support of the Soviet Union and the People's Liberation forces in China, as well as the national independence movements of Southeast Asia, the Communist Party is the most vigorous advocate for Australian independence from both British and American economic domination. In this, the Communist Party has the support of wide sections of Australian opinion.

Post-War Trends

Unhappily the whole trend towards Australasian economic and political independence has been disrupted in the post-war period by Bevin's insistence on Empire support for an anti-Soviet policy and on Dominion support for the sterling bloc, side by side with the increasing penetration of American capital into Australia and New Zealand. The United States established its first legation in New Zealand in 1942, and New Zealand sent a Minister to Washington in the same year. While the United States takes only five percent of New Zealand's exports and supplies only about 10 percent of her imports, it has considerable capital holdings in that country. For example, the auto-assembly industry is dominated by General Motors and Ford, and, since the war, American capital has bought out at least one meat-processing trust. In Australia, it is said that the great iron-and-steel monopoly, Broken Hill Proprietry Limited, has now admitted American capital. Britain and America are in fact entering into a vast, new race for the colonization of capital. In New Zealand, the Dunlop (British) and the Firestone (American) giant rubber companies both constructed huge new factories in 1948. The Anglo-Iranian Oil Company (British) is now making a bid to recapture New Zealand markets from American monopolies, seeking and getting New Zealand Government support in its campaign.

As may be expected, the post-war Pacific policy of the Governments of Australia and New Zealand has been as uncertain as the economic developments in these countries have been shifting and complex. In January, 1944, these Governments signed the Australian-New Zealand agreement, which was described by Australia's Minister of Foreign Affairs, H. V. Evatt, as an effort to "clarify the

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United Nation's objectives in the Pacific, both in war and peace." It declared that the Governments of the two Dominions would act together in matters relating to defense and trade. Yet, in this same pact, the Australian Government undertook to call a conference of Great Britain, the United States, Australia, New Zealand, France, the Netherlands and Portugal, (nations holding territories in the Pacific), to exchange views. At first, Australia's representative on the Allied Control Commission in Japan was at variance with MacArthur on his policy of preserving the strength and structure of Japanese monopoly capitalism. Now, in 1949, the Australasian Governments have been talking about initiating a Pacific Pact on the model of the North Atlantic Pact.

Hard to Fix Policy

But events in Asia, and in China in particular, are developing so rapidly that the Australasian Governments find it difficult to lay down a fixed policy which can cater to the needs of Australasian "national" capitalism, and at the same time find favor with the great imperialist powers who alone can protect Australasian investments in the neighboring colonial countries. What is obvious is that the days when Mr. Jordon could advance a policy of enlightened antifascism at Geneva are over. Progressive New Zealanders now wince at the statements of their Prime Minister, Mr. Peter Fraser, when he produces such gems of wisdom as: "I still don't know whether the Chinese Communists are real communists or just a brigand-led mob." (Broadcast comment on the New Year victories of the People's Liberation Army).

Mr. Fraser probably knows better now. In fact, the initial success of the Chinese People's Liberation Army has greatly strengthened those groups in Australia and New Zealand who genuinely support the principle of national self-determination and who stand for cooperation on a basis of national equality between Australia and New Zealand and people's governments in Southeast Asia and China. It is already becoming difficult for the Governments of Australia and New Zealand to refuse the popular demand for early recognition of the government of the New China. On June 21st, this year, Foreign Minister H. V. Evatt said to the Australian Parliament: "There is much to be gained by trying to maintain practical working relations with the local authorities in de facto control (in the Liberated Areas). We should foster those relations through commerce and trade."

Inevitable Course

There will be few voices raised in Australia against the recognition of the People's Government of the New China. The mass of New Zealanders and Australians recognize China in modern history as their greatest ally in the defense of their countries against Japanese imperialism. Trade unionists see in every victory of the Chinese people a victory in the present world-wide struggle for peace, jobs and improved living standards. And informed opinion in Australasia recognizes the inevitable course of the movements for national independence in Asia. As it was expressed in a recently-published book, "Riptide in the Pacific", written by six notable New Zealand commentators on political and economic affairs, "time is running out against the old order of European domination."

Future Cooperation

Time has already run out in China. The victory of the People's Liberation forces has fundamentally altered the balance of imperialist and anti-imperialist power in the Pacific. With further advances, political and economic, by people's governments in Southeast Asia and China, it will be increasingly possible for New Zealand and Australia to break away from British and American imperialisms and play a progressive and independent role in Pacific affairs. While it is too early to say what immediate steps the present Governments of Australia and New Zealand will take to extend trade with the New China and to recognize the People's Government, future cooperation appears certain.

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South Korean Police State

Andrew Roth

THIS reporter felt fortunate he wasn't a Korean newspapermen. In reading through back files of the *Seoul Times*, this item on March 15th stood out: "Park Il Ha, reporter of the *Tokrip Shinmun*, (*Independdence News*) died....last Thursday ....Park was arrested a few days ago by the Chong Ro police for undisclosed reasons but released as his health condition became fatal during investigation...." This is the manner in which Korean newspapers convey to readers that the man was tortured and beaten to death by the police.

The fate of the *Seoul Shinmun*, while less dramatic, is more indicative of the press freedom here. The *Seoul Shinmun*, the sixth daily to be closed in the republic's first year, was edited by Harvard-educated Dr. Ha Kyung Duk. It had become the most widely circulated paper, known for its journalistic excellence and objectivity. It was suspended on May 3 and Minister of Information Kim Dong Sung explained that it had attempted to destroy "the very structure of free government", printing "stories clearly reflecting support for the unlawful and totalitarian police state...in northern Korea.."

Not Slavish Enough

When 14 of the 16 Seoul newspaper editors and several groups of newsmen protested to the Minister of Information that he had not documented the serious charges against the *Seoul Shinmun*, he did so. In doing so he proved that his whole grievance was that the *Seoul Shinmun* was not slavish enough to suit the government. He charged: "Statistical evidence shows that the paper has printed only 60% for last January, 43% for February, 53% for March and 39% for April of the government announcements and press releases"! He also complained that "the President's inspection tour of Cheju island was reported in (only) one column," and "the President's statement on the Soviet veto was placed in the nether half in two columns when it really should have been placed as the top item in three columns," etc.

On May 12 the government made its desires completely clear, warning newspapers in a confidential memorandum that they might not print anything "inconsistent with national principles and the policy of the government" or "injurious to the government" or anything that might "impede diplomatic relations with friendly nations or hurt the national prestige" or "inspire or disturb public sentiment or exert a bad influence upon public morale...." An editor remarked: "About all we can do now is print government handouts and watch our circulation drop."

A very bald government view of the press was expressed by Education Minister Ahn Ho Sang who said: "With the establishment of our government, no newspaper opposing the government can be tolerated in this country....Such an attitude will only give the advantage to our enemies to the detriment of our own position." The German-educated education minister indicated the type of press he likes a few nights later when he turned to a foreign diplomatic representative and asked: "Whatever became of (Hitler's) *Voelkische Beobachter?* That was a fine paper which I enjoyed very much. I had a permanent subscription to it."

Education Minister Ahn Ho Sang, a graduate of the University of Jena and an admitted admirer of Nazism, is making considerable progress in his attempts to model south Korea's education system on that of Hitler Germany.

Educational Purge

At present he is energetically purging the school system of anyone who has what Dr. Ahn describes as "dangerous thoughts." A colleague described this as "teachers who are Communists or inclined to the left or who don't make their political beliefs clear." Over 2,000 teachers have been purged and several dozen teachers and several hundred students have been jailed. A professor of mathematics in Seoul University has been tortured in order to obtain a confession. In house searches among the students in Seoul, detectives confiscated a copy of Adam Smith's classic, "The Wealth of Nations"—sometimes described as the "bible of capitalism" —on the grounds that it was "Communist literature."

Dr. Ahn has been equally enthusiastic about the recent establishment of a students' National Guard, a Korean replica of "Hitler Youth", which he heads under Dr. Rhee's supervision. At one time there was a lot of leftist thought among the students, and this organization, which hopes to reach 3,000,000 members, has "purification of thought" as one of its major objectives. It is clearly military in nature with a military instructor attached to each middle school unit.

—*Mai Kan*

The police and young men who assist them seem omnipresent in south Korea, standing with ready rifles at numerous police posts. Old books on 19th century Korea talk of the brutality of the Korean police at that time. This brutality was apparently accentuated by 40 years command by the Japanese police. Most senior policemen are Japanese-trained.

I asked one man who was complaining whether police interference isn't much like under the Japanese. "Much worse," he retorted. "Any person they don't like, they accuse of being a Communist and put in jail." Statistics seem to bear him out. There are more policemen now than in Japanese times and the 30,000 prisoners who crowd south Korea's jails (with additional thousands in camps) are several times the jail population in Japanese times. Arrests are frequently purely arbitrary. No habeas corpus exists in Korea.

One of the factors contributing to the police misbehavior is their abysmally low pay. An ordinary policeman earns about three to four thousand *won* (about three US dollars at the unofficial rate) monthly and feels compelled to push people around to elicit more.

Police Methods

Torturing a suspect is standard operating procedure with the south Korean police. The papers constantly refer to arrested persons being "severely examined." "Severe examination" consists of applying torture techniques which won the Japanese Kempeitai its notoriety. A journalistic colleague saw but did not recognize the bloated sickly face of a leader he had interviewed less than a year before. In the interim he had been imprisoned for seven months without trial, undergoing two months of steady torture. He was subjected to "watercure, immersion in human excretion, and beating until he couldn't see or hear." Many to avoid such torture will readily confess anything, implicating completely innocent people.

The harsh treatment meted out to suspects on the left is in sharp contrast to the treatment accorded to those who collaborated with the Japanese. Thus, when the trial for collaboration of multi-millionaire Pak Heung Sik recessed in April, he was set free on bail. This produced an uproar in the press and the resignation of special procurators assigned to the trial. Many thought his release from jail was connected with the fact that he has been the chief moneybags for President Syngman Rhee.

Sometimes police actions have their tragi-comic aspect. In May,

when the Korean language version of "Faust" was presented in Seoul, the police complained that the costume of Mephistopheles was too red!

Since April one has had to report to the police whenever one has a guest staying at one's house. The *Chosun Ilbo* in an editorial on April 28th complained: "The whole nation is under the incessant supervision of the police." Ninety-three members or almost half of the National Assembly endorsed this position, one assemblyman stating: "This system may turn the country into a police state."

Assemblymen Arrested

Not many national assemblymen dare to criticize the police state aspects of the south Korean regime, particularly after the arrest in May of three critical assemblymen. Police attempted to arrest the fourth but they didn't catch up with him until the National Assembly was in session, during which time assemblymen enjoy immunity from arrest. They are charged with having been in contact with a representative from north Korea. Indeed one of them admitted to me that he was contacted by a man who said that he was a north Korean representative but whom he now feels was an agent provocateur. This man presented him with a plan for peaceful unification which he rejected on the spot as unfeasible. It's significant that the arrested men were leaders of the government's opposition in the National Assembly. They had criticized the government for its reluctance to introduce agrarian reform and local elections and sparked a resolution to have American troops withdrawn and peaceful unification between north and south Korea realized. On May 24 a motion protesting these arrests was defeated by 95 to 88 with the dominant Democratic Nationalist party violently in opposition. Those who voted to free the assemblymen were warned that they would be considered Communists.

Most democratic foreign observers abhor the police-state tactics of south Korea, but some excuse them on the grounds that south Korea is menaced by internal revolts instigated by north Korea and hence has to use Draconian measures. They point to the large-scale Yosu Etcheju uprisings as well as dozens of other flareups which have occurred during the past year.

Provokers Of Revolt

There is considerable evidence to indicate, however, that the south Korean police manufacture at least as many Communists as they catch.

The role of the police as provokers of revolts is particularly clear in the case of Cheju island off the south coast of Korea where a revolt has been underway for a year. Although the south Korean government has admitted that there aren't more than a couple of dozen Communists on the island, some 86,000 people have been involved in the revolt, over 2,000 have been killed and over half of the houses on the island have been burned.

The UN delegates who visited Cheju in May found that there had been unbelievable atrocities on both sides. In one town the army and police threw 160 live men, women and children into a well, drowning them. Their "crime" was giving food to rebels under compulsion. Until March 2 no prisoners were taken by government forces operating there. In order to stop this a special government order went out forbidding "misdeeds" by army men and officials."

One UN delegate spoke to an old man almost 80 in a Cheju concentration camp which now holds 5,000 persons. The old man said that he went into the hills with the rebels out of desperation because the police have been extorting so much he could no longer survive otherwise.

"The chief cause of the civil strife on Cheju island is the police brutality," two Roman Catholic missionaries stationed there told correspondents. "Hardly a family on this island but has had at least one member beaten by the police. And when the people pick themselves up off the ground they are leftists—or at least getting even with the police has become one of their chief aims in life."

Fuel Source?

Natural Gas Found Near Shanghai

R. D. MERRICK

THE Kiangwan Health Center, a rural service enterprise sponsored by the Shanghai General Hospital, while drilling a well recently, discovered natural marsh gas bubbling up through the water.

The Center immediately capped the well and began to use gas both to run the motor that had been installed to pump the water and for cooking purposes. A gas hose was run to the motor and gas let into the carburetor through the side of the air intake. No changes whatever in the carburetor or the motor were required to run the machine on gas.

The fuel supply for the Center's kitchen was also solved, and now gas is used to heat the large water boilers and for other cooking purposes. The cook at first was against such an innovation and insisted on having wood, but later he changed his mind and complained when the gas had to be cut off temporarily for repairs to the gas line.

Worth Attention

The experience of the Kiangwan Health Center may be worth some attention on the part of other organizations who are looking for a cheap source of fuel. The whole Shanghai area, as well as a large part of the former delta area of the Yangtze River (almost as far as Nanking), was undoubtedly once swamp land and contains lots of humus and peat. As this decays, gas is formed.

The AMOMO Point Island godown, which loaned a well-drilling rig to the Kiangwan Health Center, could furnish rigs to other interested organizations who might wish to form well-drilling teams. As wells are needed for drinking water in all the villages surrounding Shanghai, as well as in part of the city itself where there is no water system, each well could be drilled with a double purpose—providing water and exploiting the natural marsh gas.

Water, of course, can be found everywhere at a shallow depth. This sub-surface water, however, should be cased off and an attempt made to utilize the much better filtered water coming in at 20 to 100 feet in depth. Also, at these depths there is more likelihood of striking a layer of peat which would produce gas.

Although it is quite true that discoveries of marsh gas have never been considered to have commercial importance, if there were a number of wells producing no more than the one described, they would be of considerable value.

Also, there has been too little research in this area on the use of oxidizing agents let into the peat beds and on other methods of increasing the production per well.

Low Operating Cost

Inasmuch as the soil here is alluvial and very soft, a well can be put down 50 feet within a few hours by using the trailer rigs available at AMOMO. Therefore, it should be possible to dig several wells in a day's time with one rig, provided they were not too far apart. This would make the cost of operation per well relatively low—about three gallons of gasoline and three workers for four hours at most.

In view of the high cost of fuel, such an experiment would be well worth trying. I have noticed bubblings of marsh gas in the Tung Ting lake area—in one place a quite enormous eruption coming through the water from a spot which was above water most of the year and located close to a village. It seemed strange that no one had thought of the possibilities of utilizing the gas. Now all that must be changed, and every opportunity that nature gave China must be used to increase the production per man and thus the consumption per man.

THE CHANGE OF WU CHIN'S IDEAS

A story by Po King (白金)
Translated by Hsi Tse Chuan (奚之鑒)

THE school wanted students to go into the country and work with the land reform program. I, alone, felt uneasy. First, I could not agree with the opinions of our local staff. I felt they were country cousins and never paid any attention to health. In the past, I had had difficulty with them in our politics class. Second, I was told that we would serve the farmers. For three or four months we would have to live with these dirty, foolish farmers, talking, eating and meeting with them. Alas, what was I getting into? But if I refused to do it, the others would call me a woman who was behind the times. So I made up my mind to join them.

At the first mass meeting, I spoke to the farmers on the subject "Advice to Farmers" and gave them an outline of the land law. But when it was over, no one clapped his hands; some even had fallen asleep. However, when old Feng, of the district staff, talked briefly about how the landlords oppressed the farmers, the audience listened in high spirits. I could not help being angry.

I went to the farmers' homes and found how poor they were, that they possessed next to nothing. Yet they never uttered a complaint. Surely they were born wretches! No sooner did they see me passing by than they left off and stopped talking and laughing in the sunshine. Deuce knows why!

In the evening, our working team held a meeting. They reported what they had encountered, but I had nothing to say. They said I still had what we called an educated person's proudness, and that I had a commanding manner toward others. This was why I could not mingle with the people. Yes, I confessed that my comrades excelled me in their working experience and in their close contact with the people. I determined to learn from them, but in my heart I did not yield.

I moved to Lee Dah Niang's home to live with her. She belonged to the poor farmer's class. Every morning I worked for her, doing such things as carrying water and cleaning the yard. Gradually, she began to treat me as a daughter.

One night, she suddenly burst out crying. I woke up with a throbbing heart.

"My dear, I see my son in blood...."

How dreadful it sounded! From her bitter story, I learned that her son and her nephew had been killed by some KMT soldiers led by the landlord, Chao Tang, and were cast into the well east of the village.

Then one day an orphan, Lee Lan Chun, told me that 10 years before, on December 3, the landlord Chao had knifed seven persons, including the boy's father. On May 5 of this year, Chao and a group of KMT soldiers killed 11 poor farmers. The orphan's mother and wife died at that time.

From these stories I began to discover the crimes the landlords had committed and, at the same time, I began to develop a spirit of kinship with the oppressed farmers.

Now, I could sit down freely at the foot of a wall or on the ground and talk with the poor farmers who were basking in the sun and catching lice. Far from feeling that they were dirty and foolish, I found how good their hearts were. Gradually, my house was crowded with people. What they told me came from their hearts. Lee Dah Niang wished to receive a share of some water land and a red-painted wardrobe, and afterward to get her younger son a wife. Lee King Hua, a girl of 17, told me that her mother had betrothed her to a landlord's son, but she was unwilling to marry him.

One day, I walked five li to take part in a meeting near a forest. It was 12 at night, and I was afraid to be walking in the dark. As I came out of the forest, I heard footsteps behind me. I was frightened.

"Who is it?" I called.

"Wait a minute, Comrade Wu!"

I heaved a sigh of relief. They were maintainers of order in the forest and had come to escort me. They waited for me until the meeting was over.

Shortly after that, I came down with a high fever as the result of catching cold in the forest. The farmers were worried about me. Some of the old women waited on me day and night, giving me water and boiled food. But I grew worse, and Lee Dah Niang wept with anxiety. On December 26, Yang Siao Pao, who was more than 50 years old, a committee of poor farmers, and Lee Peh Kua, set out at night in the thick snow to call a doctor 10 li away. I shall never forget them.

I remember that it was dawn when we bade farewell to the farmers and started back. The farmers hustled to carry my luggage for me and filled my sack and pockets with gifts—peanuts, dates, etc. Their enthusiasm touched me so that I could not utter a word. I said goodbye to them with tears in my eyes. On my way back I made an oath to myself that from now on I had to conquer my defects, lift up my political consciousness and mix with the masses of working men and farmers. I wanted to be a good servant to them.

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China's New Currency

THE collapse of the Nationalist armies defending Shanghai was preceded by the much earlier collapse of the Gold Yuan, China's national currency under the Kuomintang. Introduced less than a year ago at the rate of four GY to one US dollar, the Gold Yuan had soared to 7,000,000 to one by the time of the city's liberation. It was universally rejected by the public, and silver dollars and foreign currency had supplanted it as a medium of exchange.

If we recall that the Gold Yuan had in turn replaced another severely inflated currency, the CNC, or Chinese National Currency, which had shot up to CNC$12,000,000 to one US dollar at the time of its withdrawal, and that the CNC had replaced the old Central Reserve Banknote which in turn had replaced CNC in Japanese-occupied areas, it becomes easy to imagine the profound lack of trust in paper currency that has been built up in China.

Course of Inflation

The following figures illustrate the dizzy heights of inflation in China during the past decade with its succession of paper currencies: In 1936, CNC $100,000,000,000 would have been worth US$30,000,000,000. When the CNC was converted into CRB at CNC$2 to CRB$1, the original investment would have been reduced to CRB $50,000,000,000. At the end of the war, the CRB was converted to CNC at the rate of 200 to 1, reducing the amount to CNC$210,000,000. When the CNC was converted to GY in 1948 at the rate of 3,000,000,000 to one, the original amount shrunk further to GY70. And, finally, when the GY was converted to JMP at the rate of 100,000 to one, the original CNC$100,000,000,000 would have been worth JMP 0.0007. The exchange rate between the JMP and the US dollar was JMP1,800 to US$1. Thus, the original US$30,000,000,000 that we started out with in 1936 would literally have disappeared by 1948.

Of course, this is a purely hypothetical example, since it assumes that the currency was left untouched to be eaten away by inflation. No one in his right mind would have done that, although this is what happened to holders of insurance policies and fixed deposits. Money was converted into gold bars and silver dollars, foreign exchange and commodities as a hedge against depreciation. The important thing is that the paper currency itself became of less value than the paper it was printed on.

For this reason, it is interesting to examine the nature of the Jen Min Piao, China's new national currency under the People's Government, and the methods by which the authorities hope to keep it relatively stable.

First, it is emphasized that the Jen Min Piao is backed chiefly by commodities rather than by either gold or silver or foreign exchange. A recent article in the *Ta Kung Pao* explained in some detail the advantages of this system.

A gold or silver base, the article said, has outgrown its usefulness even for the capitalistic world, since "the disappearance of free capitalistic international trade, the periodic panics, the abundance of gold and silver as a result of the unbalanced development of capitalism, and the organization of currency blocs and their struggles all have contributed to the destruction of the gold and silver currency system." Since China has very little gold or silver, she would have to export large quantities of her products in exchange for these hard metals if her currency were to be backed by them. This would lower her standard of living, hinder her reconstruction, and strengthen the position of countries such as the United States which supply gold and silver.

A foreign exchange base would be equally undesirable, the *Ta Kung Pao* article declared, since foreign exchange as a currency is only a "subsidiary" one, and no economically independent country would place a subsidiary currency above its own. "In a capitalistic country," the article said, "a sovereign state may fix an exchange rate between its currency and foreign currency, but its currency is never based on foreign exchange. Only a colony has to hand over its gold, silver and natural resources to the ruling country in exchange for the latter's currency."

Kuomintang Experience

This was the situation under the Kuomintang, the article continued. "When China was using the silver standard, the 'silver policy' of the United States exercised a dominating influence over the Chinese currency. During the period of the so-called 'legal tender', it was at first subject to the vicissitudes of the value of the pound sterling, and later became a subsidiary currency of the American dollar. In the last stages, the Kuomintang legal tender even lost its position as a subsidiary currency. This was indeed a humiliating event in Chinese history."

Second, it is argued, the fact that the Jen Min Piao is backed by commodities will make it easier to stabilize the currency, since the currency system will thus be integrated into the internal economy of the country. The Kuomintang, the *Ta Kung Pao* pointed out, dumped gold, silver and cotton yarn in its efforts to stabilize the currency. This failed and, "since the Kuomintang was not able to control agricultural production or to promote industrial production in the cities, it naturally resorted to the desperate way of relying on foreign exchange and foreign aid, thus bringing about the self-elimination of the 'legal tender' and 'Gold Yuan.' To make matters worse, it left in the minds of urban people the unhealthy notion of over-emphasizing foreign exchange."

"The position of the Jen Min Piao is entirely different," the article said. "It stresses the national currency and subjects its external value to its internal value . . . Wherever the Jen Min Piao circulates, the first and foremost task is to promote the restoration and development of productive enterprises. This is a fundamental task for stabilizing currency. Gold and foreign currency are but indications of prices coming from abroad and furthermore cannot be used as food and clothing. The value of native products, however, exists within the country and there is no fear of exhausting them. Besides, they satisfy the wants of life directly."

Controlled Currency

Both currency and commodities will be regulated by the People's Government, the article points out—the currency issue through the People's Bank and the supply and demand of commodities through the various regional trading organizations. Thus, it concludes, "the People's Government, on the one hand, holds currency and, on the other, holds commodities, thereby completing a sound system of controlled currency through a process of adequate coordination and organization."

Third, it is felt that once the internal value of China's money is established it will be easier to determine its relationship to foreign currency, and this will have a healthy effect on China's foreign trade. The *Ta Kung Pao* observed, in this connection: "The stabilized value of the currency in its relation to foreign currency is the leading factor in the balancing of international trade. China's foreign trade in the past was something like this: Imports-Exports plus overseas remittances. China is fundamentally an agricultural country, and therefore there is considerable elasticity in her international receipts and payments. The trade administration of the new China encourages importation of equipment and machines for productive enterprises, and limits importation of consumer goods. It also provides an overall planning of exports. The full execution of such a trade program will achieve balance in China's international trade. The practice of quoting foreign exchange rates is a realistic foreign exchange policy under government control. This policy helps the import-export problem when the currency value has not yet been fully stabilized. It also helps solve the difficult question of overseas remittances which the Kuomintang failed to solve."

While these measures will take time to effect, it is felt that they ultimately will result in the

permanent stabilization of the Jen Min Piao. Such stabilization depends on the basic economy of the country—a balanced government budget, balanced international receipts and payments, balanced supply of currency and commodities, and balanced consumption and production.

This, according to the *Ta Kung Pao*, is the theory behind the financial measures taken by the new authorities. In introducing the new currency, however, it is interesting to note that they have made a number of provisions taking into account the reservations the public has toward paper money.

First, although the holding of foreign currency has been prohibited, the public is allowed to keep its gold and silver holdings. Also, the public has not been required to turn its foreign currency in for Jen Min Piao. An alternative is provided under which foreign exchange may be deposited with the Bank of China and sold by the bank to the depositor from time to time at the prevailing rates of the day of sale. This is in marked contrast to the August, 1948 currency reform of the Kuomintang, under which people were forced to turn in their foreign currency holdings and gold and silver for a paper currency that was already beginning to decline in value.

Protected Savings

Second, a system has been worked out whereby the public can be assured of protecting the value of their savings in Jen Min Piao. This is the savings deposits in kind. Under this system, when Jen Min Piao is deposited with the Bank of China, the depositor receives credit for a certain number of units. The units are calculated on the market price of four leading commodities—medium grade rice, coal briquettes, peanut oil, and cotton cloth. When the depositor wishes to withdraw his money, he is paid according to the units originally deposited at the market prices of the commodities for that day. In addition, the bank pays interest.

Both the deposits of foreign currency and the savings deposits in kind are proving popular with the public and are designed to increase public confidence in Jen Min Piao, a prime requisite for the success of any paper currency.

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The Week's Business

BUSINESSMEN in Shanghai found the money market extremely tight during the past week. This successfully checked the heavy increase of prices but caused hardships to many financial institutions.

On the night of June 30, just before the closure of the banks for the semi-annual settlement, more than 100 banks failed to meet their obligations at the Clearing House at 6 o'clock and the deadline was extended to 9 p.m. However, three banks, including the Ta Chung, Jen Fung and Ka Chong, failed to pay up even at 9 p.m. and were ordered to suspend by the Financial Department of the Shanghai Military Control Commission.

Following the reopening of the banks after the holidays on July 4, the money market remained tight until July 6 when it was generally reported that the money situation became more easy.

During the short period of the tight money situation, many speculative firms were hard hit. In the cotton yarn and cotton cloth market, eight firms were found to have bought yarn directly from the Shanghai Trading Company, but checks which they issued were dishonored. Apparently these firms tried to sell yarn on the same day, as the prices ruled firm during the day. However, the expected rise did not materialize due to the fact that the authorities continued to dump yarn in the market.

In consideration of the fact that this was their first offense, the authorities warned them not to repeat their speculative actions, declaring that those who are found speculating in the future will be severely punished.

Business in the Foreign Exchange Market at the Bank of China remained dull, although quotations for the US dollar increased to JMP1,800 from the original JMP1,650. The value of the Parity Deposit unit rose to JMP555 on July 5 because of the increase of commodity prices. Up to July 5, the Bank of China had received Parity Deposits totalling 2,500,000 units.

An increase in business between Shanghai and other cities is indicated by the increase in remittances from Shanghai to other cities and from other cities to Shanghai. This should facilitate the interflow of goods between Shanghai and the hinterland.

On July 4, the first day that the local banks opened for business after the settlement of the accounts for the first half year, statistics revealed that the People's Bank, the Bank of China and the local commercial and native banks remitted to outports a total of JMP122,922,699 while the inward remittances to this city from outports amounted to as much as JMP517,460,586. Hankow sent in the largest portion, totalling JMP114,710,000.

Little progress has been made as regards foreign trade. Chinese and foreign import and export firms are still applying for registration with the East China Foreign Trade Control Bureau. One report, however, is of great importance. On July 6, it was reported that the Bank of China had sent a circular to the various appointed banks stating that from now on invoices for cargoes imported from abroad are no longer required to be accompanied by consular invoices issued by the resident consulates of the Kuomintang Government.

Among the various measures taken to encourage export, the provision regarding the export of cotton yarn and cotton cloth in exchange for raw cotton is of importance to businessmen. According to the authorities, application forms for the export of cotton cloth have been prepared by the Textile Export Control Department of the East China Foreign Trade Control Bureau and exporters may apply for them before the end of this month so that special export permits may be issued before the promulgation of the Detailed Procedural Rules.

Already, a number of cotton mills have applied for this special permit, including the Sung Sing Cotton Mills and the Sin Ho Textile Mills. In the case of Sin Ho Mills, a special permit is asked to import raw cotton from abroad.

Among the factories in Shanghai, the textile mills have been the most active in recent months. Shanghai boasts 55 private textile mills, equipped with 1,425,701 spindles—61 percent of the total number of spindles in Shanghai and one-third of the total number of spindles in the country. Of the 55 mills, 54 have resumed operations after the liberation. On May 24, the eve of the liberation, 1,083,729 spindles were operating. By June 22, the number had increased to 1,106,980 spindles, representing an increase of 2.14 percent. According to preliminary reports, the privately operated mills in Shanghai are turning out more than 1,930 pieces of cotton yarn daily, representing an increase of 40 pieces per day over the pre-liberation days.

Following is a comparison of commodity prices with those of last week:

	June 29 JMP	July 6 JMP
Silver	1,200	1,300
20's yarn	470,000	470,000
12-lb. cloth	18,000	21,400
Rice	27,000	30,000
Peanut oil	60,000	59,000
Coal briquette	3,400	4,700

NEWS OF THE WEEK

China Celebrates Dates Of CCP Founding, War Of Resistance

THE past week witnessed a nation-wide campaign to commemorate the anniversaries of two events that were of vital importance to the Chinese nation. One was the 28th anniversary of the founding of the Chinese Communist Party and the other was the 12th anniversary of China's war of resistance against Japanese invasion. These two events played a decisive role in modern Chinese history. Without them, the situation in China would have been far different from what it is today.

The Chinese Communist Party was founded in Shanghai on July 1, 1921 by a small group of radical scholars and revolutionary leaders, most of whom were intellectuals. The party played a conspicuous part in the Northern Expeditionary Campaign which overthrew the corrupt government of the northern warlords in Peiping and established the National Government. After capturing political power, the Kuomintang, however under the leadership of Chiang Kai-shek, split with the Chinese Communist Party, and carried out a bloody "purge" of Communist Party members. The Chinese Communist Party was outlawed and driven underground.

* * *

Carry On

HOWEVER, the Communists remained faithful to the Chinese revolution and continued their revolutionary struggle under the most difficult conditions. Scattered peasant guerrillas in Hunan under the leadership of Mr. Mao Tze-tung first raised the standard of revolt and engaged in guerrilla warfare. Some units of the Kuomintang army in Kiangsi, under the command of General Chu Teh, also revolted. Later on a base was established in Kiangsi. Campaign after campaign was conducted by the Kuomintang army with the help of German military advisers to "suppress" the Communists, but each time the Kuomintang failed in its mission.

The Long March of the Communist Red Army from Kiangsi to North Shensi was an event of historic significance. A new Red capital was established in Yenan. In order to unite the Chinese people in a common struggle to resist Japanese aggression and save the Chinese nation from destruction, the Chinese Communists offered to cooperate with the Kuomintang government which, under overwhelming popular pressure, was forced to call off its armed campaign against the Chinese Communists. In the course of the Sino-Japanese War, the Kuomintang government simply fled before the Japanese and abandoned North China and the coastal provinces, withdrawing to the various provinces in the southwest. It is quite clear that the plan of the Kuomintang government was to avoid fighting the Japanese in order to conserve its military power. But the Chinese Communist armies carried on guerrilla warfare behind the Japanese lines. Thanks to their long years of hard fighting with the backing of the Chinese people, the Communists hung on to vast areas of Chinese territory in the rear of the Japanese. On the eve of VJ Day, nearly all the key cities in North China and along the China coast, including Peiping, Tientsin, Tsinan, Tsingtao, Shanghai, Nanking and Hankow were under the control of the Communists, while the Kuomintang government was located far away in Chungking. But the Kuomintang government had the full support of the United States. American navy and air force transports were placed at the disposal of the Kuomintang army, which with the "cooperation" of the Japanese troops stationed at the above places, quickly took control of North China and the coastal provinces.

Not content with these gains, the Kuomintang government openly tore to pieces the resolutions of the Political Consultative Conference and launched an all-out drive to "wipe out" the Communists. In this military adventure, the Kuomintang was assisted both financially and militarily by the United States. After three years of fighting, the Kuomintang government is now on its last legs, while the Chinese Communist Party and the People's Liberation Army are well on the way to liberating the whole of China.

The above brief review of the history of the growth of the Chinese Communist Party shows that the party is a close-knit, well-disciplined and well-trained organization of seasoned and capable revolutionaries who are faithful to the Chinese revolution. On the occasion of the 28th anniversary of the founding of the party, chairman Mao Tze-tung published an important article in which he discussed the basic policy, both internal and external, of the Chinese Communist Party. (The text of this article may be found on page 131).

Meetings and mass rallies were held all over the country in commemoration of the anniversary of the birth of the Chinese Communist Party. In Shanghai, the function was attended by several thousand people including factory workers, farmers, soldiers, scholars, writers, industrialists, businessmen, religious leaders and students.

* * *

Greetings

MADAME Sun Yat-sen was present at the function and her message of greetings read as follows:

"This is the greatest era in the life of the Chinese people; their complete victory is already in view. Salute the people's victory!

"This is the motive power of reconstruction and progress of our mother country, our banner is production and more production. Salute the people's strength!

"This is the new light on earth. Born in freedom, its warmth and rays perpetuate and shine into every dark corner overshadowed by the reactionary forces. Salute the peope's freedom!

"This is the high tide of victory flowing to every port and the people's movements in all countries are expanding everywhere. Link our strength with theirs so as to strength the brave battle. Salute the comrades of the democratic struggles throughout the country!

"The strength of the fighters in this victory has grown, their bravery is unmatched, their discipline is unique and their hearts are beating

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In Chinese Magazines . . . .

World Culture

THE *World Culture* magazine of July 1 protests vigorously against American action in delaying writing a peace treaty for Japan and demands that the Foreign Ministers of the Big Four (China, the Soviet Union, the United States and Britain) meet as early as possible to make the necessary preparations for concluding a Japanese peace treaty.

Supporting the suggestion made by Soviet Foreign Minister Andrei Vishinsky at the Paris conference of the Council of Foreign Ministers, the magazine writes:

"On June 20, Soviet Foreign Minister Vishinsky proposed at the meeting of the Council of Foreign Ministers in Paris that the foreign Ministers of the Big Four, including China, meet to prepare a peace treaty for Japan in accordance with the provisions of the Potsdam Agreement. He pointed out that the question of writing a Japanese peace treaty could not be delayed any longer. Vishinsky's proposal is both justified and necessary.

"It is almost four years since the Japanese surrender and yet no Japanese peace treaty is in sight. Taking advantage of this indefinite delay, American imperialism intends to occupy Japan as long as possible, with General Douglas MacArthur holding the whip, for the purpose of preparing a war venture by building up the reactionary forces in Japan and by consolidating Japan's position as an anti-Communist and anti-Soviet bastion. American imperialism has been endeavoring to carry out this plan for a long time. American imperialism feels all the more worried now that the strength of all peace-loving peoples throughout the world is expanding with astounding rapidity and the Chinese people have won a decisive victory in overthrowing the reactionary regime of the Kuomintang gang which has had the full support of American imperialism. This is the reason why American imperialism wants more eagerly than before to delay action on writing a peace treaty for Japan, thus making it possible for American imperialism to occupy Japan as long as possible. In addition, American imperialism is doing everything in its power to tighten its control over South Korea and to seize Formosa. It is quite clear that this plan of American imperialism is aimed at bottling up the Soviet Union in the East and at throwing obstacles in the path of the growth of the new democratic China."

As counter-moves against such American plans, the magazine suggests:

"We must liberate the whole of China so as to compel American imperialism to withdraw from China. In the field of diplomacy, we must line up with the Soviet Union in pressing for early writing of a peace treaty for Japan."

The magazine then discusses the procedure for concluding a Japanese peace treaty and adds: "According to the Potsdam Agreement of August 3, 1945, the Council of Foreign Ministers has been entrusted with the task of writing peace treaties for the vanquished nations in Europe. Under this provision, the drafting of peace treaties for Germany and Italy has been placed in the hands of Britain, France, the United States and the Soviet Union. The same provision, of course, applies to Japan. In the course of the Potsdam Conference, China, the Soviet Union, the United States and Britain issued a joint communique listing the terms on which the Allies were prepared to accept the Japanese surrender. Later, when the Japanese Government sued for peace, the United States sent back a reply in the name of China, the Soviet Union, the United States and Britain. Since the surrender terms were issued by the Big Four of China, the Soviet Union, the United States and Britain, it is only natural and logical to demand that the task of drafting a peace treaty for Japan should be undertaken by the Big Four. The drafting of peace treaties for Italy and Germany in Europe by the Council of Foreign Ministers of Britain, France, the United States and the Soviet Russia may be regarded as a precedent. Therefore the Soviet Union is fully justified in proposing that the Council of the Foreign Ministers of China, the United States, the Soviet Union and Britain undertakes the task of drafting a Japanese peace treaty."

The magazine charges that the United States is trying to manipulate the drafting of a peace treaty to suit its own interests. It says: "During the past several years, American imperialism has occasionally done lip-service to an early conclusion of a peace treaty for Japan in order to cut down on the occupation costs. However, this is only meaningless talk. On July 11, 1947, the United States Government sent invitations to other nations on the Far Eastern Commission including China, the Soviet Union, Britain, France, Holland, Australia, India, Canada, New Zealand and the Philippines for a conference on August 19, 1947 to discuss the writing of a Japanese peace treaty. American imperialism proposed that at this conference China, Britain, the Soviet Union and the United States surrender their veto power and that all resolutions be adopted by a two-thirds vote. It is quite obvious that the American proposal was a flagrant violation of the Potsdam Agreement. Apart from that, the proposed surrender of the veto power would make it possible for the imperialist powers to manipulate the conference by their majority vote."

in unison with the hearts of the people. Salute the Chinese People's Liberation Army.

"Welcome our leader—born in Shanghai, grown up among the mountains in Kiangsi province, steeled in the hard and arduous 25,000 li long march and matured in the soil of the countryside. Salute the Communist Party of China!

"Yes, this is the greatest era—this is a landmark in the revolutionary struggle of the Chinese people. We have shaken off the fetters of imperialism and colonialism, we have uprooted feudalism and the people are traveling toward a new and brighter peak. Salute! Long live the victory of the Chinese people's revolutionary struggle!"

* * *

Anti-Imperialist War

OBSERVATION this year of the anniversary of the outbreak of China's war of resistance in 1937 also is of particular significance. This is because of the radically changed situation both at home and abroad. The war of resistance was aimed at freeing China from Japanese occupation. The recent victories of the People's Liberation Army and its occupation of the treaty ports such as Shanghai, Nanking, Hankow, Tsingtao and Tientsin have had the effect of liberating these cities from foreign imperialism as well as from the Kuomintang. In this sense, the successes of the People's Liberation Army represent the final completion of the anti-imperialist task left unfinished by the war of resistance.

On this occasion, Chinese public opinion was unanimous in demanding that a determined fight be launched against the action on the part of the United States in delaying the writing of a peace treaty for Japan. It was charged that in so doing the United States planned to prolong its military occupation of Japan. The anniversary of the outbreak of the war of resistance gave a fresh impetus to the ever-increasing Chinese demand that a peace treaty be written for the Japanese as early as possible by the Council of Foreign Ministers with Chinese participation.

* * *

Britain's Headaches

THE Laborite Government in Britain is having a very difficult time these days handling labor and financial problems. The flare-up of labor disputes and further deterioration in the general economic situation in Britain have given the government leaders a series of headaches. According to *Reuter*, opposition among the British workers to the government's economic policies is mounting. The British Transport and General Workers Union—the largest trade union in the world, with 1,750,000 members from almost every field of industrial activity—has announced an agenda for its annual conference which discloses a widespread move to withdraw Union cooperation in Government economic policy. Over 50 branches of the Union have tabled resolutions pro-

testing that the "peg wages, prices and free profits" policy agreed to by the Trade Union Congress with the Government early last year has worked in practice against the workers. The resolutions ask for higher wages, demand sterner Government action to limit profits and to hold down prices, and most of them call for abandonment of co-operation with Government policy.

The action of the British Trade Union Congress in withdrawing from the World Federation of Trade Unions was bitterly resented by the rank and file of the Transport and General Workers Union.

The strike of British dockers led to the loss of over 1,500 operating days to ships in British ports during the past two months, Mr. Alfred Barnes, British Minister of Transport, told the press on July 3. He further explained that this was equivalent to over 30 round trips across the Atlantic and 300,000 tons of imports. Unofficial stoppages by workers in Britain's ports during the past 18 months resulted in the loss of over 4,000 operating days. This would represent nearly 90 round trips across the Atlantic and a tremendous loss in carrying capacity for both exports and imports.

* * *

Dollar Shortage

In addition, the threat of railway workers hangs over the labor government like a big sword. Worse still, the situation is complicated by an intensification of the financial crisis. The acute shortage of dollars is telling on government finance. It is understood that before Marshall aid began Britain's reserve fund was $2,208,000,000. It was down to $1,884,000 by the end of March of this year. The forthcoming report for the second quarter of this year is expected to show a heavy loss. The fight to close the gap between dollar outgo and income is one Britain must win to keep even her present austere standards.

An *Associated Press* survey indicates that the Commonwealth countries can give sympathy but little else in the battle to earn dollars and save the pound. Much as they are willing to help the island kingdom solve her dollar woes, most of them are having dollar trouble, too.

The acute shortage of dollars facing Britain also added difficulties to her international relations. Tension between the United States Marshall aid administration and Great Britain at one time seemed to threaten the foundations of the Marshall Plan itself. It also caused a dispute between two groups of European nations, one headed by Belgium and the other by Britain. Under heavy pressure and intervention on the part of the United States, an intra-European payment system was reached in Paris. The dispute centered around the Belgium demand for sterling convertibility, which would mean further drains on Britain's gold and dollar reserves. However, further details remain to be worked out.

In US Magazines . . . . .

US News & World Report

IN the March 25, 1949 issue of *US News & World Report* is a first-hand account from Ocana, Spain, of the trial of eight anti-Franco citizens. The story reports that to be caught and charged with opposing the Franco regime is tantamount to certain conviction, usually preceded by brutal treatment from the police in order to secure "signed confessions."

"Twice a week, almost every week in the year," the article begins, "a military tribunal in this ancient and sleepy little town dispenses military justice to 'enemies of the state.' I have just sat through one of these trials. The brother of one of the defendants notified me the night before the trial was to take place, so I drove the 50 miles to Ocana with an official observer from the American Embassy.

"Foreign observers, or for that matter any spectators, are not particularly welcome, but we were admitted after a wait. We were told to stand in the rear of the drab courtroom, even though some 20 seats were unoccupied . . .

"The defendants were on trial for 'acts of military rebellion.' That phrase, however, covers a lot of territory. There is a thick volume listing 'acts of military rebellion,' and it includes such things as attempts 'to compel the chief of state to act against his will.'

"Specifically, the principal defendant in this trial—a broad-shouldered, tough Spaniard with prematurely gray hair—was accused of trying to organize an anti-Franco clandestine group. He was also accused of inciting violence. Two others were on trial for operating a print shop where anti-Franco propaganda had been printed. Still another, owner of a small stationery store, was charged with selling paper that ultimately was used to print 'subversive' leaflets.

"The trial went like clockwork. The clerk read, so fast that few could understand, a long statement of the charges. He also read confessions the defendants had signed. Then the prosecutor, a young major with a tendency to strut, took over. As each defendant stood up, the prosecutor fired a barrage of questions, but seldom allowed time for answers.

"There was a slight interruption when one defendant denied a statement made by the prosecutor. A judge reminded the defendant he had made that statement to the police at the time of his arrest and it appeared in his signed confession.

"'Isn't this your signature?' the judge asked.

"'Yes,' the defendant replied, 'that's my signature. You see, at first I refused to sign because the statements in the confession weren't true. But a policeman hit me over the head with his gun, and, when I regained consciousness, I decided it was better to sign.'

"The president of the court promptly silenced this defendant and ordered him back to his seat.

"The only other interruption in the two-hour trial came when the defense counsel, a captain appointed by the court, said the defendants 'committed these crimes for money, not for idealism.' Two defendants, pointing out that they had never seen their counsel before, denied his comment, and said they did what they did for idealism and nothing else.

"This was the defense counsel's only attempt to interrupt the prosecutor as he fired hundreds of questions at the defendants. There were no witnesses. The sole evidence was in the form of signed confessions. The prosecutor summed up in about two minutes, concluding with a recommendation of sentence. This was before the court had announced a verdict. It seemed to be generally assumed, from the start of the trial, that all defendants were guilty as charged.

"For the frightened little storekeeper who sold the paper, the prosecutor asked six years; for the printer and his wife, 12 years; for the principal defendant, death before a firing squad. When the principal defendant heard this, he turned to the handful of spectators and smiled. Apparently it was what he expected. The defense counsel suggested that the sentences were excessive, but he did not press the point.

"Then the trial was over. As far as I could tell, the sentences recommended by the prosecutor were affirmed.

"It was a typical trial, I was told by an observer who had attended many of them. On the average, 100 Spaniards are defendants in similar trials throughout Spain each week, usually in out-of-the-way places like Ocana.

"Generalissimo Franco's efficient secret police—some 88,000 of them—round up suspects rather regularly. As a rule, they move at night, pound on a suspect's door about 2 a.m., and whisk him away without explanation or search warrant.

"The suspect is then subjected to what is called unofficial interrogation by the police. This process is completed when the suspect signs a confession. A little later, after the suspect is in jail, he is called for official interrogation by an Army officer, whose legal title is 'military judge in charge of suppression of Masonry and Communism.'

"The prisoner then is led back to jail to await trial. By law, no suspect may be held for more than 72 hours without being charged. But this provision of law, I was assured by informed observers, has not been used in recent years. The defendants I saw on trial at Ocana had been arrested in February, 1947. The interval had been spent in the ancient dungeons of Puerto del Sol."

What US Papers Say...

ALTHOUGH there was little editorial support in the US for the stand of 21 senators who opposed any move to extend recognition to a People's Government in China, most American papers did not take a sanguine view of how such a government would operate, declaring it would be a thinly-veiled Communist dictatorship.

* * *

Premature

COMMENTING on the 21 senators' request to President Truman to oppose any "recognition of Communist forces in China" and to back the non-liberated areas instead, the *Louisville Courier-Journal* termed the move "premature" and urged the Senate to wait for more facts before calling for such a policy move.

The *Washington Post* called the senators' action "superflous" and declared: "No government has yet been set up in Nanking in a Western sense of government . . . the Western Powers would be foolish to make any bid for recognition, so long as conditions remain organically chaotic. What the Senators should have done was to request the State Department to build up Western unity toward a China that in the Western sense is totally incomprehensible, let alone recognizable as a government entity. What is called for in relation to China is a return to diplomatic correctness that marked those relations prior to the disastrous military intervention in the civil war in behalf of Chiang. Best thing for the Western Powers is to stand clear, stick together, and protect their security lines in Asia from aggression."

Turning to the subject of the Nationalist blockade, the *Post* maintained that "no notice need be taken of the nonsense about recognition" of the blockade "in view of conditions in China."

The *New York Compass*, a new liberal newspaper edited by T. O. Thackray, former editor of the *New York Post*, urged that the United States recognize the new government. Asserting that the people of China have "recently been successful in virtually driving the corrupt Chiang regime from the mainland," the paper called for recognition of the "new government of the people."

The *New York Herald Tribune* urged publication of the State Department White Paper on China, which reportedly contains the long-suppressed Wedemeyer report. The paper said: "Neither Mr. Acheson's apparent fear that the White Paper would embarrass the Nationalists in China, nor his apparent concern over the effects it would have on the defense of South China, is good reason for keeping secret this documentary record. The real issue is that the public and the public's representatives in Congress are entitled to know precisely what American officials have been doing in China, facts on which the State Department's policies have been based, and why results have not been better."

On the other hand, several papers refused to concede that the Chinese Communists were acting with any degree of sincerity in their relations with other democratic parties. The *Kansas City Star* said on this subject: "China's Communists are getting ready for a formal political follow-up to their year of military successes. The Communists in China are going to have a lot of future trouble on their hands, however they may go about trying to create political authority over all areas which they have been able to wrest from Chiang. It will be much simpler for the Reds to establish their so-called coalition government than it will be to make it an effective means of ruling China."

The *New York Herald Tribune* declared: "The fact is that everything in the record of the Communists in China, including their previous use of coalitions on a local level, indicates that use of non-Communist parties is a matter of tactics and is temporary. For the present they will use whatever devices are necessary to obtain the cooperation of men they need."

The *Washington Star* was interested in what Mao Tze-tung had to say about foreign trade in his speech before the preparatory committee of the new Political Consultative Conference. The paper said: "Mao's remarks indicate Communist appreciation of China's dependence on foreign trade and industrial imports which Soviet Russia cannot supply. It offers at least a basis for consideration of economic as against politico-ideological factors."

* * *

July 4

IN commenting on the observation of Independence Day on July 4, the *New York Times* showed how far the United States has moved away from its revolutionary beginnings. Noting that American independence from the British Crown is no longer the "principal fact" of the Independence Day celebration, the *Times* said: "The dependence today is somewhat on the other foot. We lend and give money or goods to the old mother country and to other countries. We do this in what is, in spite of occasional friction and some differing points of view, a warm and friendly spirit."

Then the *Times* promised that the US would help other countries become free from dictation too, presumably meaning Russian dictation. It said: "What our ancestors intended to be independent of, and what we continue to be independent of, is arbitrary power . . . We will not submit to dictation from any source. We will aid other free peoples menaced by such dictation."

In order to protect sterling and what remains of Britain's gold reserves, Sir Stafford Cripps, Chancellor of the British Exchequer, was reported to be studying proposals from banking quarters for drastic internal retrenchment. Financial quarters predicted a possible political crisis as a result of Britain's economic difficulties. The proposals put to the Chancellor were stated to include dearer money, dollar import cuts and a sharp reduction in Government spending to an extend impairing Socialist progress toward the "welfare state."

* * *

Building Up Japan

HAVING sustained a defeat in China as the result of the first crumbling of the Kuomintang regime, the United States is attempting to strengthen its position in Japan and Korea. Latest reports from Washington indicate that more than half of the money requested by the US Army for the occupied areas is earmarked for Japan and the Ryukyus Islands. Of the total of US$1,000,000,000 the US Army is requesting from the Senate for its program of government, relief and economic rehabilitation in occupied areas, US$521,000,000 would be for Japan and the Ryukyus Islands. Stressing the importance of American aid to the occupied areas, Assistant Secretary of the Army Tracy Voorhees, in his testimony before the Senate Appropriations Committee, pointed out that although progress has been made in the occupied areas during the past year, "this progress has been almost directly proportional to the amount of aid made available," and said that aid must be continued "if these areas are to become self-sustaining in the near or foreseeable future."

It is understood that the requested funds will be broken down into two categories—monies for government and relief in occupied areas (GARIOA) and monies for economic rehabilitation in occupied areas (EROA). GARIOA funds for Japan, as requested by the Army, would total US$379,000,000 and EROA funds, US$116,000,000; GARIOA funds for the Ryukyus would be US$19,000,000, EROA funds US$7,000,000.

* * *

Aid For Korea

THE sum of US$150,000,000 was requested by the United States Government as aid for US-controlled South Korea, in order to "intensify the fight against Communism." Secretary of State Dean Acheson told the House Foreign Affairs Committee that Korea is of vital importance to the security of the United States. He said:

"We know the security of the United States would be adversely affected by a movement of Communists into Korea because they would get that much closer to Japan . . . and also because of the general situation in the Far East. For us to quit and walk out without giving these fellows who have

trusted in us any possible chance to survive is just not the decent American thing to do."

But the report issued by the House Foreign Affairs Committee was more outspoken. It said that the United States in its own interest and in the interest of international decency should seize every opportunity to maintain and strengthen independence and free institutions among the nations of the Far East." In approving the aid-Korea program the Committee said, "it is not simply an isolated proposal to help a friendly people through an interval of difficulty, but a proposition that makes sense with relation to the wide range of United States foreign policy."

But even Acheson himself entertained doubts as to the eventual success of this aid-Korea program. He told the committee that "there is no assurance that the Korean recovery plan is going to be successful" and that the best that can be expected under the circumstances is that such aid will retard the present disintegration of South Korea."

Expressing his thanks and his loyalty to the United States, President Syngman Rhee of South Korea told a news conference: "I want to assure our American friends that we are determined to save and maintain the Korean peninsula as a bastion of democracy."

* * *

United Front

IN North Korea, the constituent congress of the United Democratic Patriotic Front of Korea recently made public a program to achieve unity and independence, assure the democratic development of the country, and raise the welfare of the people. The United Democratic Patriotic Front sets before itself the following tasks:

1. To struggle for the immediate withdrawal of American troops from South Korea, the withdrawal from Korea of the United Nations Commission and for the full independence of the homeland.

2. To mobilize all people's forces for the struggle for the earliest restoration of the country's unity, against the traitors to the homeland who obstruct this unity.

3. To support the government of the Korean people's democratic republic set up as a result of the general elections August 25, 1948.

4. To struggle for broad-scale democratic reforms throughout the territory of Korea and for assuring the whole of the Korean people democratic rights and liberties.

5. To struggle for restoration and legalization of the people's committees, land reform in South Korea and against the persecution and terror in South Korea against the democratic movement.

6. To combat the policy of reviving Japan as an imperialist state. To struggle for peace and consolidation of international cooperation, and against the policy of imperialist powers aimed at the establishment of aggressive blocs and the unleashing of a new war.

What Chinese Papers Say...

EDITORIAL comment in the Chinese press joined in paying high tribute to the Communist Party of China on the occasion of the 28th anniversary of the birth of the party. It was pointed out that the consistent and determined struggles of the Communist Party during the past 28 years was the basic cause for the present victory of the Chinese revolution.

* * *

July First

THE *Ta Kung Pao* elaborated on the close relationship between the Chinese revolution and the Chinese Communist Party. It pointed out:

"The history of the Chinese revolution, from its beginning to its successful consummation, is tied up with the birth, the growth and the success of the Communist Party of China. Previous to the birth of the Chinese Communist Party, the revolutionary demands of the Chinese people had all along been bogged down in the nationalism of the bourgeoisie and invariably had fallen victim to the deception and oppression on the part of imperialism, feudalism and the big bourgeoisie. It was only after the birth of the Chinese Communist Party on July 1, 1921 that the anti-imperialist and anti-feudalist character of the Chinese revolution was correctly defined . . ."

Then the paper traced the history of the Chinese Communists during the past 28 years and concluded:

"All the achievements have only been possible because China has her Communist Party. Without such a party we would not be where we are today. The feudalistic rule which had existed for thousands of years, imperialist influences which had become strongly entrenched in China for more than a century, and the influences of bureaucratic capitalism which had been in power during the last 20-odd years, would have still ridden over us. . . .

"But the birth of the Communist Party of China was an inevitable development. China of the 20th century had already found herself with a proletariat with the knowledge of the scientific theories of Marxism, and it became inevitable, therefore, that there should be born a political party of the proletariat, a Communist Party which would be representative of the laboring majority in the country. The supreme precept held by the Communist Party is service for the people, and this is only possible because it is the political party which represents the large numbers of the working people. . . .

"The great leader of the people, the leading figure of the Communist Party of China, Chairman Mao, has steered skilfully the navigation course of the Communist Party, which is also the navigation course of New China. The Communist Party under his leadership now calls upon the New China under the Red Flag, headed by the working class and uniting the four principal classes of people in the country, to exert efforts to develop production and to build a nation which belongs to the people themselves. We must respond sincerely to this call, and try in every way to realize the provisions of the call. We have the unshakable faith and the colossal strength needed to effect the realization of the provisions. This is the pledge we the people want to give on this day, the birth anniversary of the political party which leads the Chinese people."

* * *

THE *Wen Hui Pao* hailed the Chinese Communist Party as China's saviour. It wrote:

"The birth of the Communist Party of China signified the dawn of a New China, the liberation of a semi-feudal and semi-colonial state from imperialism, feudalism and bureaucratic capitalism. Such a great revolutionary task would have been unthinkable had it not been for the correct leadership of the Communist Party, and had it not been for the determined struggle put up by the People's Liberation Army. . . .

"The New Political Consultative Conference will be convened shortly, and there will be born a unified, independent, free, prosperous and strong New China of the New Democracy. Speaking of Shanghai alone, in this city which for more than 100 years had been ruthlessly trampled on by the imperialists and the reactionaries, we no longer see the arrogant activities of the imperialists, and we are no more subjected to the oppression and enslavement of the reactionary forces and the exploitation of the bureaucratic capitalists. Such a historical change, the coming into its own of the people, has been entirely due to the correct leadership of the Chinese Communist Party and of Chairman Mao, the leader of the people, and the determined and courageous struggle put up by the People's Liberation Army during the last 28 years.

"The great success of the Chinese Communist Party is not merely due to its correct leadership and determined struggle in the past, but also due to the fact that it has pointed out the right road to the reconstruction of New China. It has blended the loftiest of human ideals, the universal truths expounded in Marx-Leninism, with the concrete and practical experiences of the Chinese Revolution, to evolve the policy of carrying out first the reconstruction of the New Democracy before striving for the highest ideal of Socialism. This is the most correct, and the only road for the thorough liberation of China."

THE PEOPLE'S DEMOCRATIC DICTATORSHIP

Mao Tze-tung

(Written to commemorate the 28th anniversary of the founding of the Communist Party of China on July 1, 1921.)

JULY 1, 1949, means that the Communist Party of China has passed through 28 years. Like a man, it has childhood, youth, manhood and old age. The Communist Party of China is no longer a child or a youth in its teens but is an adult. When a man reaches old age, he dies: It is the same with the party. When classes are eliminated, all the instruments of class struggle, political parties and the state apparatus, will as a result lose their functions, become unnecessary and gradually wither away, end their historical mission and travel towards the higher plane of the society of mankind. We are quite different from the political party of the bourgeoisie. They are afraid to talk of abolishing classes, state authority and party. But we, however, openly declare that we struggle hard precisely for the creation of conditions to accelerate the elimination of these things. The Communist Party and the state authority of the people's dictatorship constitute such conditions. Anyone who does not recognize this truth is no Communist. Young comrades who have just joined the party and have not read Marxism-Leninism may not understand this truth. They must understand this truth before they can have a correct world outlook. They must understand that all mankind have to travel along the road of eliminating classes, state authority and party: The question is only one of time and conditions. Communists in the world are more intelligent than the bourgeoisie. They understand the law of the existence and development of things. They understand dialectics and see farther ahead. The bourgeoisie do not welcome this truth because they do not want to be overthrown. To be overthrown, like the Kuomintang reactionaries being overthrown by us at present and like Japanese imperialism having been overthrown by us and people of various countries in the past, is painful and is inconceivable to the overthrown. For the working class, laboring people, and Communists, the question is not one of being overthrown but of working hard and creating conditions for the natural elimination of classes, state authority and the political party so that mankind will enter the realm of world Communism. We have here touched on the perspective of the progress of mankind to explain the following questions.

Our party has passed through 28 years. Everybody knows that they were passed not peacefully but under difficult surroundings. We had to fight against enemies within the country and abroad and within and outside the party. Thanks to Marx, Engels, Lenin and Stalin who gave us weapons. These weapons are not machine guns but Marxism-Leninism.

Lenin in his book "'Left Wing' Communism—An Infantile Disorder" written in 1920 described how the Russians sought for revolutionary theory. After several decades of hardships and tribulations, they eventually discovered Marxism. Many things are the same or similar in China to Russia before the October Revolution. The feudal oppression was the same. The economic and cultural backwardness was similar. Both countries were backward and China is even more backward. Progressive people struggle hard to seek for the revolutionary truth to bring about national recovery: This was the same.

Since China lost the Opium War in 1840, the advanced Chinese underwent countless tribulations seeking for the truth from the western countries. Hung Hsu-chuan, Kang Yu-wei, Yen Fu and Sun Yat-sen represented this group of people who sought for truth from the west before the birth of the Communist Party of China. At that time, the Chinese who sought for progress read all the books that contained new western teachings. The students sent to Japan, England, America, France and Germany reached a surprising number. Efforts were made to learn from the west: The old examination system of officialdom was abolished and schools multiplied. What I learned in my youth were also such things. They were the culture of western bourgeois democracy, or so-called new school of learning which included sociological doctrines and natural sciences of the time and which were antagonistic to the culture of China's feudalism, or so-called old school of learning. For quite a long time, people who learned the new knowledge were confident, believing that it was sure to save China. Apart from people of the old school, very few of the new school expressed doubt. To save the country, the only way is to enforce reforms, and to enforce reforms, the only way is to learn from foreign countries. Of the foreign countries at that time, only western capitalist countries were progressive. They had successfully established the modern bourgeois state. The Japanese achieved results by learning from the west. The Chinese also wanted to learn from the Japanese. To the Chinese of that time, Russia was backward and very few people wanted to learn from her. This was how the Chinese learned from foreign countries during the period from the forties of the 19th Century to the beginning of the 20th Century.

Imperialist aggression shattered the dream of the Chinese to learn from the west. Really strange, why do teachers always invade students? The Chinese learned much from the west, but what they learned could not be put into effect. Their ideal could never be realized. Many struggles, including such nationwide movements as the 1911 revolution, all failed. The conditions of the country worsened day by day, the environment was such that the people could not live. Doubt sprang up, grew and developed. The First World War shook the whole world. The Russians carried out the October Revolution, creating the first socialist country in the world. Under the leadership of Lenin and Stalin, the revolutionary energy of the great Russian proletariat and laboring people, which had lain hidden and could not be seen by foreigners, suddenly erupted like a volcano. The Chinese and all mankind then looked differently at Russians. Then, and only then, the Chinese from the fields of ideology to life entered an entirely new era. The Chinese found the universal truth of Marxism-Leninism which holds good everywhere, and the face of China was changed.

The Chinese found Marxism through the introduction of the Russians. Before the October Revolution, the Chinese not only did not know Lenin and Stalin, but also did not know Marx and Engels. The gunfire of the October Revolution sent us Marxism-Leninism. The October Revolution helped the progressive elements of the world and China to use the world outlook of the proletariat as the instrument for observing the destiny of the country and reconsidering their own problems. Travel the road of the Russians—this was the conclusion. In 1919, the "May 4th" movement occurred in China and the Communist Party of China was formed in 1921. During his despair, Sun Yat-sen came across the October Revolution and the Communist Party of China. He welcomed the October Revolution, welcomed Russian help to Chinese, and welcomed the Communist Party of China to cooperate with him. Sun Yat-sen died, and Chiang Kai-shek came into power. During the long period of 22 years, Chiang Kai-shek dragged China into hopeless straits.

At this period, the anti-Fascist Second World War with the Soviet Union as its main force defeated three big imperialist powers, weakened two other big imperialist powers, and only one big imperialist country in the world, the United States of America, suffered no loss. However, the domestic crisis of America is very grave. She wants to enslave the entire world and she aided Chiang Kai-shek with arms to slaughter several millions of Chinese. Under the leadership of the Communist Party of China, the Chinese people after having driven away Japanese imperialism fought the people's war of liberation for three years and gained a basic victory. Thus the civilization of the western bourgeoisie, the bourgeois democracy and the pattern of the bourgeois republic all went bankrupt in the minds of the Chinese people. The bour-

geois democracy gave way to the people's democracy under the leadership of the proletariat, and the bourgeois republic gave way to the people's republic. A possibility has thus been created to reach socialism and communism through the people's republic, and to attain the elimination of classes and attain world communism. Kang Yu-wei wrote a book about world communism but he did not, and could not, find the road to it. The bourgeois republic existed in foreign countries but cannot exist in China, because China is a country oppressed by imperialism. The only road to the elimination of classes and to world communism is through the people's republic under the leadership of the working class.

All other things had been tried and had failed. Of those who yearned for something else, some had fallen, some had awakened to their mistake, and some are changing their minds. Events developed so swiftly that many people felt surprised and the need to learn anew. This state of mind of these people is understandable and we welcome much good intentions to learn anew.

The vanguards of the Chinese proletariat learned Marxism-Leninism after the revolution and established the Communist Party of China. Following this, it entered into political struggle and travelled a zigzag path for 28 years before gaining a basic victory. From the experiences of 28 years, just as from the experiences of 40 years' said in the will of Sun Yat-sen, a common conclusion has been reached, namely: "The firm belief that to attain victory we must awaken the masses of the people and unite ourselves in a common struggle with those peoples of the world who treat us on the basis of equality." Sun Yat-sen has a different world outlook from us, and started out from a different class standpoint to observe and deal with problems, but on the problem of how to struggle against imperialism in the 20th century, he arrived at a conclusion which was in basic agreement with ours.

Twenty-four years have elapsed since Sun Yat-sen's death, and under the leadership of the Communist Party of China, Chinese revolutionary theory and practice have made big strides forward, fundamentally changing the features of China. Up to the present, the Chinese peoples have gained the following two basic experiences: 1) To awaken the masses in the country. This is to unite the working class, the peasant class, petty bourgeoisie and national bourgeoisie into a united front under the leadership of the working class and develop it into a state of the people's democratic dictatorship led by the working class with the alliance of workers and peasants as its basis. 2) To unite in a common struggle with those nations of the world who treat us on the basis of equality and the peoples of all countries. This is to ally with the Soviet Union, to ally with the new democratic countries of Europe and to ally with the proletariat and masses of the people in other countries to form an international united front.

"You lean to one side." Precisely so. The 40 years experiences of Sun Yat-sen and the 28 years experiences of the Communist Party have made us firmly believe that in order to win victory and to consolidate victory, we must lean to one side. The experiences of 40 years and 28 years show that, without exception, the Chinese people either lean to the side of imperialism or to the side of socialism. To sit on the fence is impossible; a third road does not exist. We oppose the Chiang Kai-shek reactionary clique who lean to the side of imperialism; we also oppose the illusion of a third road. Not only in China but also in the world, without exception, one either leans to the side of imperialism or to the side of socialism. Neutrality is a camouflage and a third road does not exist.

"You are too provoking." We are talking of how to deal with domestic and foreign reactionaries, that is, imperialists and their running dogs, and not of any other people. With regard to foreign and domestic reactionaries, the question of provoking does not arise, for whether there is provoking or not, does not make any difference as they are reactionaries. Only by drawing a clear line between reactionaries and revolutionaries, only by exposing the designs and plots of the reactionaries, arousing vigilance and attention within the revolutionary ranks and only by raising our own morale and taking down the arrogance of the enemy—can the reactionaries be isolated, conquered or replaced. In front of a wild beast you cannot show the slightest cowardice. We must learn from Wu Sung (one of the 108 heroes in the famous historical novel "All Men Are Brothers") who killed a tiger on the Ching-yang ridge. To Wu Sung, the tiger on the Ching-yang ridge will eat people all the same whether you provoke it or not. You have to choose between the alternatives of either killing the tiger or being eaten by it.

"We want to do business." Entirely correct. Business has to be done. We only oppose domestic and foreign reactionaries who hamper us from doing business, and do not oppose any other people. It should be known that it is no other than imperialists and their lackeys—the Chiang Kai-shek reactionary clique—who hamper us from doing business with foreign countries and even hamper us from establishing diplomatic relations with foreign countries. Unite all forces at home and abroad to smash domestic and foreign reactionaries and there will be business, and possibility of establishing diplomatic relations with all foreign countries on the basis of equality, mutual benefits and mutual respect of territorial sovereignty.

"Victory is also possible without international aid"—this is an erroneous thought. In the era when imperialism exists, it is impossible for the true people's revolution of any country to win its own victory without assistance in various forms from international revolutionary forces, and it is also impossible to consolidate the victory even when it is won. The great October Revolution was thus won and consolidated as Stalin had told us long ago. It was also in this way that the three imperialist countries were defeated and the countries in East Europe liberated. This is and will be the case with the people's China at present and in the future. Let us think it over, if the Soviet Union did not exist, if there were no victory of the anti-Fascist Second World War, and especially, for us, no defeat of Japanese imperialism, if the various new democratic countries of Europe did not come into being, if there were no rising struggles of the oppressed nations in the east, if there were no struggles of the masses of peoples in the United States, Britain, France, Germany, Italy, Japan and other capitalist countries against the reactionary cliques ruling over them, and if there were no sum-total of these things, then the international reactionary forces bearing down on us would surely be far greater than that at present. Could we have won victory under such circumstances? Obviously not. It would also be impossible to consolidate the victory when it was won. The Chinese people have had much experience about this. The remark made by Sun Yat-sen before his death about joining hands with international revolutionary forces reflected this experience long ago.

"We need the aid of the British and American governments." This is also childish thought at present. At the present time, rulers in Britain and the United States are still imperialists. Will they extend aid to a people's state? If we do business with these countries or supposing that these countries are willing in the future to lend us money on the condition of mutual benefits, what is the reason for it? This is because the capitalists of these countries want to make money, the bankers want to gain interest to relieve their own crises and is no aid to the Chinese people. The Communist parties and progressive parties and groups in these countries are now working to bring about business with us, and even to establish diplomatic relations with us. This is well meant, this is aid and this cannot be spoken of in the same breath together with acts of the bourgeoisie in these countries. During his lifetime, Sun Yat-sen had many times appealed to the imperialist countries for aid. The outcome was futile and instead met with merciless attacks. In his lifetime, Sun Yat-sen received international aid only once and that was from the USSR. The reader can refer to the will of Dr. Sun, in which he did not ask the people to look for aid from imperialist countries, but earnestly bade them "to unite with those peoples of the world who treat us on the basis of equality." Dr. Sun had had the experience; he had been duped. We must remember his words and not to be duped again. Internationally, we belong to the anti-imperialist front headed by the USSR, and we can only look for genuine friendly aid from that front and not from the imperialist front.

"You are dictatorial." Yes, dear gentlemen, you are right, and we are really that way. The experiences of several decades amassed by the Chinese people tell us to carry out the people's democratic dictatorship. That is,

the right of reactionaries to voice their opinion must be deprived and only the people are allowed to have the right of voicing their opinion.

"Who are the people?" At the present stage in China, they are the working class, the peasant class, the petty bourgeoisie and national bourgeoisie. Under the leadership of the working class and the Communist Party, these classes unite together to form their own state and elect their own government to enact dictatorship over the lackeys of imperialism—the landlord class, the bureaucratic capitalist class and the Kuomintang reactionaries and their henchmen representing these classes —to oppress them, and only allow them to behave properly and not allow them to talk and act wildly. If they talk and act wildly, they will be prohibited and punished immediately. The democratic system is to be carried out within the ranks of the people, giving them freedom of speech, assembly and association. The right to vote is only given to the people and not to the reactionaries. These two aspects, democracy among the people and dictatorship over the reactionaries, combine to form the people's democratic dictatorship.

Why should it be done this way? It is very obvious that if this is not done, the revolution will fail, the people will meet with woe and the state will perish.

"Don't you want to eliminate state authority?" Yes, but not at present. We cannot eliminate the state authority now. Why? Because imperialism still exists, the domestic reactionaries still exist and classes in the country still exist. Our present task is to strengthen the people's state apparatus, which refers mainly to the people's army, people's police and people's court, for national defense and protection of the people's interests, and with this as the condition, to enable China to advance steadily, under the leadership of the working class and the Communist Party, from an agricultural to an industrial country, and from a new democratic to a socialist and Communist society, to eliminate classes and to realize world communism. The army, police and court of the state are instruments for classes to oppress classes. To hostile classes, the state apparatus is the instrument of oppression. It is violent, and not "benevolent." "You are not benevolent." Just so. We decidedly do not adopt a benevolent rule towards the reactionary acts of the reactionaries and the reactionary classes. We only adopt a benevolent administration among the people and not towards the reactionary acts of the reactionaries and reactionary classes outside the people.

The people's state protects the people. Only when there is the people's state, is it possible for the people to use democratic methods on a nationwide and all round scale to educate and re-educate themselves, to free themselves from the influence of reactionaries at home and abroad (this influence is at present still very great and will exist for a long time and cannot be eliminated quickly), to unlearn the bad habits and thoughts acquired from the old society and not let themselves travel on the erroneous path pointed out by the reactionaries, but to continue to advance and develop towards socialist and Communist society.

The methods we use in this field are democratic, that is, methods of persuasion and not coercion. When people break the law, they will be punished, imprisoned or even sentenced to death. But these are some individual cases and are different in principle from the dictatorship over the reactionary class as a class.

After their political regime is overthrown, those of the reactionary classes and the reactionary clique will also be given land and work and a means of living to re-educate themselves anew through work, provided they do not rebel, disrupt or sabotage. If they are unwilling to work, the people's state will compel them to work. Furthermore, propaganda, and education work will be carried out among them, and moreover, carefully and adequately, as we did to captured officers. This can also be said to be "benevolent administration," but this is what we enact through compulsion to those of formerly hostile classes and cannot be mentioned in the same breath with our work of self-education among revolutionary people.

Such re-education of the reactionary classes can only the carried out in the state of the people's democratic dictatorship. If this work is well done, the main exploiting classes of China—the landlord class and bureaucratic capitalist class or monopoly capitalist class—will be finally eliminated. As for the remaining exploiting class, the national bourgeoisie, much appropriate education work can be carried out among many of that class at the present stage. When socialism is realized in the future, that is, when the nationalization of private enterprises will be carried out, they can be further educated and re-educated. The people have in their hands a powerful state apparatus and are not afraid of the rebellion of the national bourgeois class.

The grave problem is that of educating peasants. The peasants' economy is scattered. According to the experiences of the Soviet Union, it requires a very long time and careful work to attain the socialization of agriculture. Without the socialization of agriculture, there will be no complete and consolidated socialism.

And to carry out the socialization of agriculture, a powerful industry with state-owned enterprises as the main component must be developed. The state of the people's democratic dictatorship must step by step solve this problem of the industrialization of the country. This article will not go too much into the economic problem, which will not be dealt with here in detail.

In 1924, a well-known manifesto was passed by the Kuomintang First National Congress, which was directed personally by Sun Yat-sen and participated in by Communists. The manifesto stated: "The so-called democratic systems in countries of the modern times are often monopolized by the bourgeois class and turned into an instrument for oppressing the common people. But the democracy of the Kuomintang is the common possession of the common people in general and is not the private possession of a minority". Except for the question of who is to lead and who is to be led, the democracy mentioned here is, when viewed as a general political program, consistent with the people's democracy or new democracy mentioned by us. If to the state system, which is only allowed to be the common possession of the common people and not the private possession of the bourgeoisie, is added the leadership of the working class, this state system is that of the people's democratic dictatorship.

Chiang Kai-shek betrayed Sun Yat-sen and used the dictatorship by the bureaucratic capitalist class and the landlord class as an instrument for oppressing the common people of China. This counter-revolutionary dictatorship remained in force for 22 years and was only overthrown by the Chinese common people under our leadership now.

The foreign reactionaries who vilify us for carrying out "dictatorship" and "totalitarianism" are in fact the very people who are carrying out dictatorship and totalitarianism. They have been carrying out the dictatorship and totalitarianism of one class, the bourgeoisie, over the proletariat and other people. They are the very people referred to by Sun Yat-sen as the bourgeois class in countries of modern times who oppress the common people. Chiang Kai-shek's counter-revolutionary dictatorship was learned from these reactionary fellows.

Chu Hsi, a philosopher of the Sung Dynasty, wrote many books and made many speeches about which we have forgotten, but there is one sentence we have not forgotten and this is "Do to others what others do unto you". This is what we do. That is, do to imperialism and its lackeys, the Chiang Kai-shek reactionary clique, what they do to others. Simply this and nothing more.

The revolutionary dictatorship and the counter-revolutionary dictatorship are opposite in nature. The former learned from the latter. This learning is very important, for if the revolutionary people did not learn the methods of ruling over counter-revolutionary classes, they would not be able to maintain their regime, which would be overthrown by the reactionary cliques at home and abroad. The reactionary cliques at home and abroad would then restore their rule in China and bring woe to the revolutionary people.

The basis of the people's democratic dictatorship is the alliance of the working class, peasant class and the urban petty-bourgeois class, and is mainly the alliance of the working class and the peasant class because they constitute 80 to 90 percent of the Chinese population. It is mainly the strength of these two classes which overthrows imperialism and the Kuomintang reactionary clique. The passing from new democracy to socialism mainly depends on the alliance of these two classes.

The people's democratic dictatorship needs the leadership of the working class, because only the working

class is most far sighted, just and unselfish and richly endowed with revolutionary thoroughness. The history of the entire revolution proves that without the leadership of the working class, the revolution is bound to fail, and with the leadership of the working class, the revolution is victorious. In the era of imperialism, no other class in any country can lead any genuine revolution to victory. This is clearly proved by the fact that the Chinese petty bourgeois and national bourgeois classes led the revolution many times and failed.

The national bourgeois class is of great importance at the present stage. Imperialism is still standing near us and this enemy is very fierce. A long time is required for China to realize true independence economically. Only when China's industries are developed, and China no longer depends on foreign countries economically, can there be real, complete independence. The proportion of China's modern industry in the entire national economy is still very small. There are still no reliable figures at present, but according to certain data, it is estimated that modern industry only occupies about 10 percent of the total production output in the national economy of the whole country. To cope with imperialist oppression, and to raise the backward economic status one step higher, China must utilize all urban and rural capitalist factors which are beneficial and not detrimental to national economy of the people's livelihood and unite with the national bourgeoisie in common struggle. Our present policy is to restrict capitalism and not to eliminate it. But the national bourgeois class cannot be the leader of the revolution and also should not occupy the main position in the state. This is because the social and economic status of the national bourgeois class has determined its feebleness, its lack of foresight, its lacking in boldness and fear of the masses by many of them.

Sun Yat-sen advocated "awakening the masses" or "helping the peasants and workers". Who is going to awaken and help them? To Sun Yat-sen this meant the petty bourgeoisie and the national bourgeoisie. But this is in fact infeasible. Sun Yat-sen's 40 years of revolutionary work was a failure. Why? Because in the era of imperialism, it is impossible for the petty bourgeoisie and national bourgeoisie to lead any real revolution toward success.

Our 28 years are entirely different. We have plenty of invaluable experiences and the following are our three main experiences: A party with discipline, armed with the theories of Marx, Engels, Lenin and Stalin, employing the method of self-criticism, and linked up closely with the masses; an army led by such a party; a united front of various revolutionary strata and groups led by such a party. These mark us off from our predecessors. Relying on these three things, we have won basic victory. We have traversed tortuous paths and struggled against right and leftist opportunistic tendencies within the party. Whenever serious mistakes were committed in these three things, the revolution suffered setbacks. The mistakes and setbacks taught us, making us wiser. Thus, we were able to do better work. Mistakes are unavoidable for any party or person, but we demand that less mistakes are committed. When a mistake is committed, correction must be made, the quicker and the more thoroughly the better.

Our experiences may be summarized and boiled down into the following single point—the people's democratic dictatorship based on the workers' and peasants' alliance led by the working class (through the Communist Party). This dictatorship must unite in concert with international revolutionary forces. This is our formula, our main experience, our main program.

In the 28 long years of the party, we have only done one thing, and that is, we have won basic victory of the revolutionary war. This is worth celebrating because it is the people's victory, and a victory in a large country like China. But there is plenty of work before us, and like walking, what has been done in the past is simply the first step in the 10,000-mile long march. Remnants of the enemy have still to be wiped out, and the grave task of economic reconstruction lies before us. Some of the things with which we are familiar will soon be laid aside, and we are compelled to tackle things with which we are unfamiliar. This is difficult. The imperialists bank on the belief that we are unable to tackle our economic work. They look on and wait for our failure.

We must overcome difficulties, and master what we do not know. We must learn economic work from all who know the ropes (no matter who they are). We must acknowledge our errors, and learn from them respectfully and earnestly. We must not pretend that we know when we do not know. Do not put on bureaucratic airs. Stick to it and eventually it will be mastered in a few months, one or two years or three to five years. At first, some of the Communists in the USSR did not know how to do economic work, and the imperialists had also waited for their failure. But the Communist Party of the Soviet Union won. Under the leadership of Lenin and Stalin, they not only could do revolutionary but also reconstruction work. They have already built up a great and brilliant socialist state. The Communist Party of the USSR is our best teacher from whom we must learn. The international and domestic situation is favorable to us. We can wholly rely on the weapon of the people's democratic dictatorship to unite all people throughout the country except the reactionaries and advance steadily towards the goal.

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Business Terms

THIS week we will examine some business terms used in an *Associated Press* story from New York. The story reads:

"Increasing business costs raise the prospect of a **new wave** of **mergers** and **consolidations** among American **department stores** and **specialty shops**. Insistent **consumer demand** for lower prices is being met with **competitive cost cutting** that many **retailers** claim has reached a practical limit. A remaining major **economy step** is consolidation of two or more **independent retailers** or merger with one of the large department store groups.

"The immediate postwar years **saw the peak of mergers** with the initiative coming from large corporations who seized the opportunity to use their profits to advantage in expansion. But today the **profit curve** is turning downward, and expansion programs are being cut to that size. There is a consequent lull in merger plans. With **lagging sales**, however, independent stores are expected to seek opportunities to join forces with other independents or with **chains** in order to bolster their position and insure against the effects of a **recession.**

"In addition, many independents currently are seeking **wider buying contacts** either cooperatively with other stores or through **buying syndicates** operating on a nationwide scale. Bigness carries considerable protection in retailing against adverse economic forces: Lower prices or greater **discounts** can be obtained from manufacturers and distributors on **quantity orders.**"

* * *

new wave: New increase or advance in, likened to a wave sweeping over the water.

mergers and consolidations: In industry, the term merger means the absorption by a large firm of one or more smaller firms which lose their identity by becoming a part of the large enterprise. Consolidation means the combination of two or more firms. Thus we have the term "combine" (noun), a colloquialism referring to an extremely large company which has been formed as the result of mergers and combinations of a number of firms. In some cases the combine may be so large that it will exert a dominating influence over an entire industry, such as the chemical industry or the steel industry.

department stores: Stores selling such a large variety of products that they are classified into different departments—furniture department, textile department, clothing department, etc.

specialty shops: Stores specializing in one type of product, such as shoes.

consumer demand: Consumer is the economic term for buyer or purchaser. Demand is the quantity of any commodity that will be required or sought in the market at any given price.

competitive cost cutting: Lowering the margin of profit in order to sell at prices equal to or less than those of competitors, i.e., business rivals.

economy step: Action taken to save money.

independent retailers: A retailer is one who sells directly to the public, as opposed to the wholesaler who sells merchandise in large quantities to retail stores. An independent retailer is one who owns his own business rather than functioning as a part of a group or "chain" of stores.

saw the peak of mergers: Had the largest, or top (peak) number of mergers.

profit curve: Graphs or indexes are kept of business profit and loss in the US. The term profit curve thus refers to the line on such a graph charting the rise or decline of profits.

lagging sales: Falling behind the amount (of sales) to be expected.

chains: Stores linked together, each under a local manager, but controlled and supplied from a central office.

recession: Literally, the act of going back, withdrawal. In business terminology, it is a polite term (euphonism) for a depression, in which the volume of business becomes low with consequent unemployment and other attendant harmful results. A recession usually refers to a mild depression.

wider buying contacts: Contact, literally, is a coming together of two things, a close union. In business usage it means to establish a business or social connection with some useful person, firm or organization.

buying syndicates: An association of persons or firms to promote some particular enterprise, in this case buying merchandise for resale by individual stores. A syndicate usually requires a large amount of capital and may often control the market in a particular commodity.

discounts: A reduction of the customary price, made for some special reason. It is a customary business practice to give discounts for purchases made in large quantities.

quantity orders: Commodities purchased, or ordered to be purchased, in large quantities.

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